

THE
First Annual Report

OF THE ...

Northern Production Co.
Limited

HEAD OFFICES:

WILLIAMSON BUILDING

Edmonton Alberta Canada

JANUARY 16th, 1918.

Also Containing a Historical and Geological Compilation of Data on the
Oil Fields of Northern Alberta

CAPITAL \$800,000

Non-Assessable and Non-Personal Liability

Divided into 800,000 Shares Par Value One Dollar Each

PRICE:

ONE DOLLAR PER SHARE

Financial Agents and Underwriters:

The Northern Fiscal Agency, Limited

EDMONTON, ALBERTA, CANADA

Address all Correspondence to the Secretary



Silver Shield presented to Mr. A. F. A. Coyne, President and Managing Director of the Great Northern Oil & Asphalt Company, Limited, at the banquet given in his honor at the Macdonald Hotel, June 29th, 1916, by interested Shareholders.

94.7.4

Directors

A. F. A. COYNE, Esq.
President and Managing Director.

P. S. MACKAY, Esq.
Vice-President.

E. T. LATIMER, Esq. T. V. MICHIE, Esq.

G. L. STEBBING, Esq., Secretary-Treasurer.

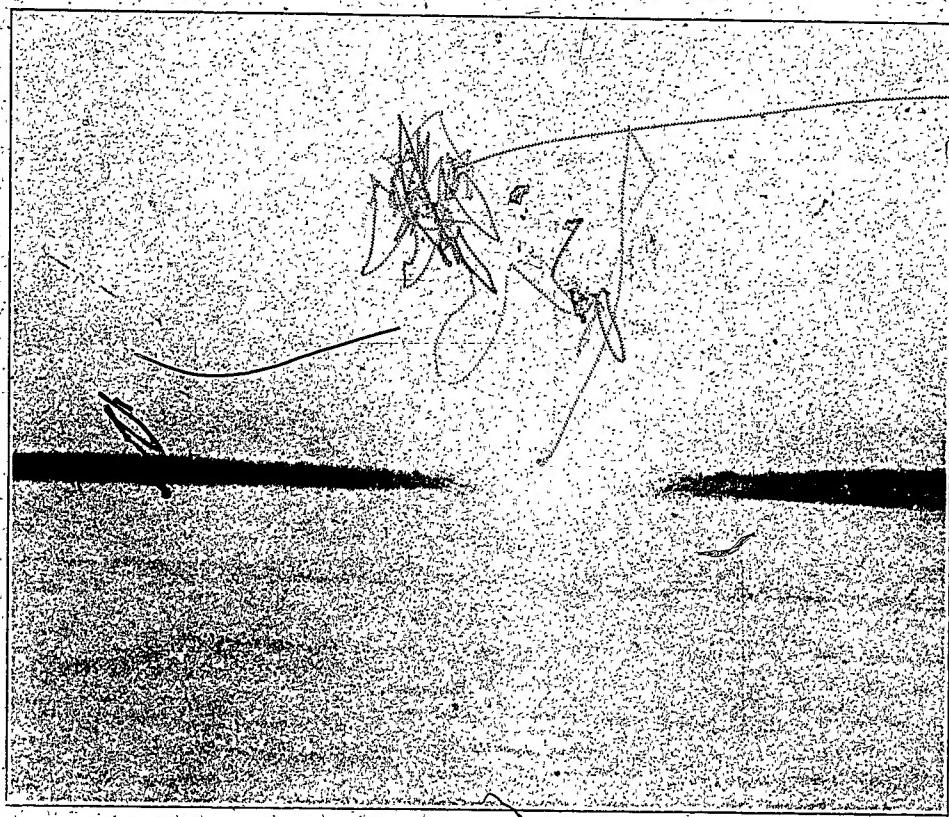
The Directors wish to announce that a Special Excursion will be made to the Wells, leaving Edmonton Wednesday, the 5th of June, by the Canadian Northern Railway, at 9 o'clock in the morning.

All Shareholders desirous of taking this trip will kindly notify the Managing Director two weeks in advance of the excursion date, and arrive in Edmonton not later than Tuesday, the 4th of June, and immediately report at the Offices of the Company.



ESKIMOS

The inhabitants of the Land of the Midnight Sun. This picture shows where the Continent of America meets the waters of the Arctic Ocean.



THE MIDNIGHT SUN

Taken 1,800 miles North of the City of Edmonton, Alberta

Introduction

No better inauguration of our Company could be arranged than by making our first Annual Report a more comprehensive document than the ordinary balance sheet, which is the customary procedure.

We feel that the pages to follow will be of absorbing interest to every shareholder, and will be an unanswerable argument to your friends and associates.

So complete was the harmony among the shareholders at the Annual General Meeting, so enjoyable were the few hours we all spent together, that the bond of union and unity of purpose and the sincerity of all so intelligently displayed that the second year of the Company is filled with such promise, that in a year hence the mere sentimentalism of our joint venture will be fitting record of our faith in the Great North, which we are putting on a business basis.

We do not boast in words of flaunted eloquence, nor are we content to dwell in mere platitudes of the North, but as tillers of the soil, led by the enthusiasm and ability of one in whom we all have a most implicit trust and confidence, we lead the way to actual work and development, and hope our humble attempt at real exploitation will be a lesson to all our fellow citizens that the time cannot be delayed in dreams of wealth, but by hard work and conscientious endeavor we, first and foremost in this field, can teach even kings that those of the soil are greater than those who often rule.

The edicts of Emperors cannot build empires; the criticism of Governors cannot defeat enterprise; laws cannot stay the advance of progress; humble unity of purpose can and will reign. To our Dominion we owe the duty of the creation of wealth. We do this daily on the soil, and with the surplus sweat of our brows we are opening Canada's greatest asset.

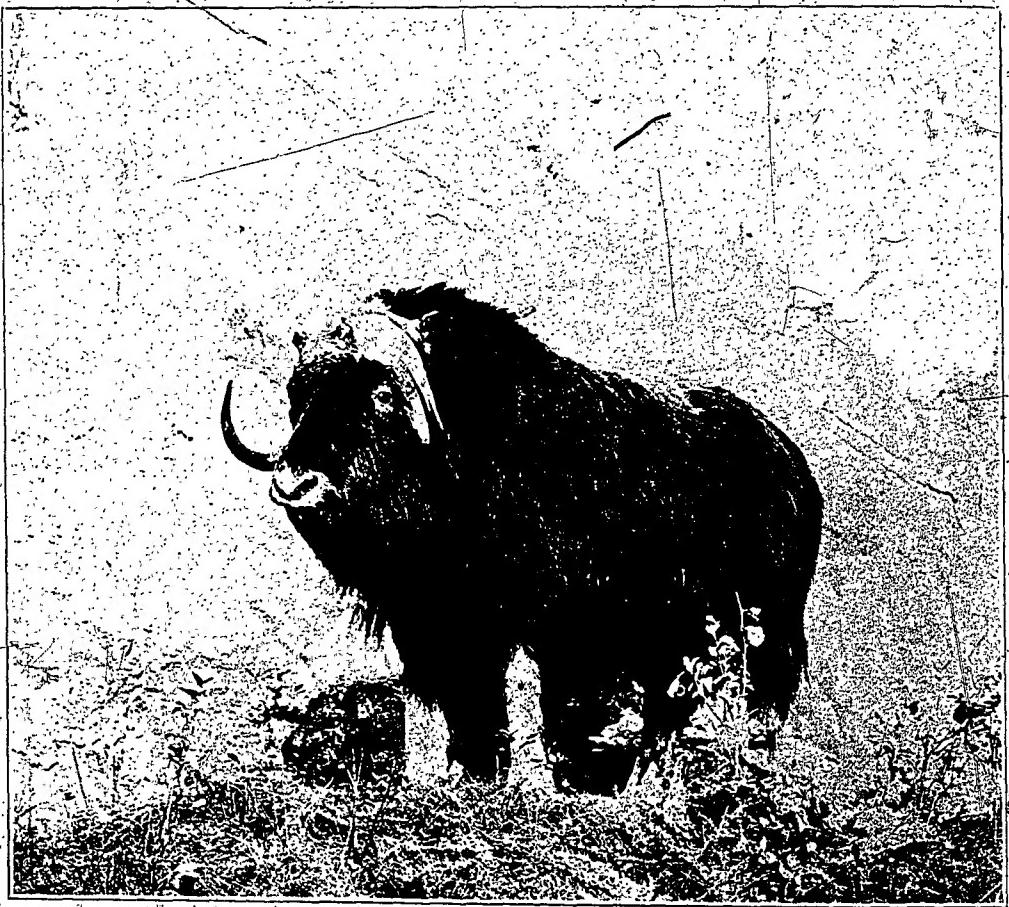
THE OIL FIELDS OF ALBERTA

With this unconquerable spirit we dedicate this work to all those who, without bias, without credulity, seek that knowledge on which the future of our Province of Alberta is founded.



THE MIGRATION OF THE CARIBOO

This picture was taken in the Barren Lands, 1,200 miles North of the City of Edmonton. The picture is of great value, for as far as we know it is the first ever secured. Great as the number of these animals may appear in the picture, it is only an infinitesimal part of the great procession that took hours to pass the camera.



MUSK OX

This sturdy inhabitant of the Great North inhabits the territory inside the Arctic Circle, 1,400 miles north of the International Boundary, and 1,200 miles north of the City of Edmonton.



A. F. A. COYNE, Esq.,
The Promoter
President and Managing Director
Son of the late R. A. F. A. Coyne, C.E., Memb. Inst. C.M.E.
Edinburgh.

The Spirit of the Promoter

HFTER having completed my studies at Edinburgh, Scotland, I like many of my enterprising compatriots from the land of the heather, turned westward to Canada, where the possibilities and opportunities for profitable exploitation were abundant for those who were willing to work with brawn and brain.

Coming to Edmonton, Alberta, I gained much of my experience in the hardships of the trails to the northland, in advance of the railroad, which brought me into the wonderful panorama of mineral wealth which meets the eye of the pioneer in this north country, so properly named the "Great North Land." I was therefore long, and fortunately early, convinced that in the sodden banks of the Athabasca River lay untold millions awaiting exploitation.



Possessed by a fertile imagination, and encouraged by the fact that others were piling up vast fortunes in Canada, I always felt that those who would really hearken to the "Call of the Great Northland" and continue to have faith in that country, could not but just dream realities.

"It was amidst the silence of the forest and in view of the unequalled grandeur of the massive banks of tar-sands on the Athabasca River, as it were, coquettishly exposing themselves in the morning sun, suggesting God's monument in nature, and nature's silent call to man, that I felt 'the Call of the North.' These massive black banks were speaking to me: 'We are here to tell you what exists below and behind us, if you have only the faith to believe us, and the energy to exploit us.'

I felt in my fleeting imagination that I could hear the distant tap of the tie hammer, and the occasional blast on the mountain side by the intrepid railway builder, and, dreaming this a reality, I said: "When it does happen, which it will, and soon, then the oil fields of this Great Northland will stagger the world with their stupendousness."

This was the dream in the spirit of the promoter.

THE DAWN OF THE DAY OF REALITY

I recall as of yesterday, sitting on the first train to Athabasca Landing a mixture of freight cars and cabooses, supposedly a passenger train. A smiling western conductor, picking up the fares at \$4 a head; no tickets; the tourist cars were ordinary box cars, the Pullmans were the cabooses. Always fond of luxury, I selected a place in one of these pioneer Pullmans; my travelling companions being hardy men of all nationalities, some seeking homes, steads in this Great Northland, others railroad workers, others prospectors; I alone was a pioneer all by myself. Even in those days my hope in the Great Northland was "oil." Needless to say, I was alone with my hopes, but as the train rolled on, occasionally jumping the track, and keeping up to schedule like the proverbial slow train through Arkansas, I could, from time to time perceive the old trail, the scene of many a camp fire and many a rough but pleasant night, was now deserted for the iron way, and another link in the development history of the Great Northland had been cemented, and another chapter closed.

Yet how true was the dream that had entered the spirit of the Promoter.

AN APPRECIATION

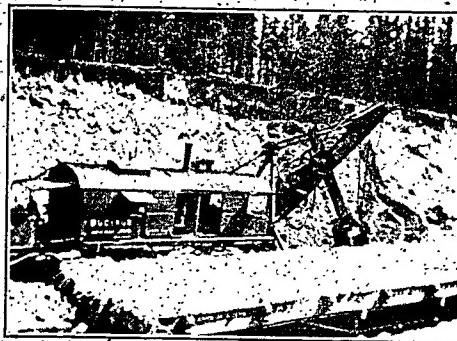
The railway mentioned was the extension of the "Canadian Northern" Railway from Edmonton to Athabasca Landing, which lies one hundred miles north of the first-mentioned city; these two points having been connected up by rail, thus bringing the end of the steel along the historic banks of the Athabasca River, making it possible now to transport without undue difficulty the necessary machinery and supplies into these potential oil-fields. I cannot go further without stating that men of the calibre of William MacKenzie and Donald Mann (both Scotchmen and now knighted), founders and builders of the Canadian Northern Railway, whose energy and enterprise and faith in the country has gone a long way to make Western Canada what it is today, should receive considerable congratulation for their joint work, unfortunately because of their accumulated wealth they have been the subject of some criticism by an uninformed section of our public. To envy these intrépide pioneers, who have today amassed fortunes out of their faith in the North-West is unfair, for every man who accumulates in Canada must first have an abundance of faith and at the back of it, the creative energy, both of which certainly spells success in this land of ours. How quickly some of us are prone to overlook the hardships of the earlier days when men start from small beginning, fight long battles, and win. Are not such wins only the convincing proofs of what lies in store for my fellow-citizens who will have faith and develop large and small. Let us take the instance of only this small hundred-miles of railway built to Athabasca Landing, a highly speculative undertaking, into doubtful agricultural lands, but it hastened the development work on these oilfields by making it possible for the poorer brothers of faith in the country to ship in supplies which otherwise was prohibitive over the long up-and-down trail, while this small item was nothing in itself in that time, the result of this small uplift in transport has put these oilfields on the map. Extensive work is now going on, world-wide interest is now focussed, and in a short period Canada will recoup millions in actual wealth, a great new wealth, which will plunge our much vaunted grain profits into oblivion. The incipiency of all this great future, this coming decade, will be to some extent to the credit of the two railway magnates.

THE SUNRISE OF TRANSPORTATION

Coming back to my subject we must allow a year or so to elapse, and we find a new railway, the Alberta and Great Waterways Railway, under construction from Edmonton to Fort McMurray, the pioneer settlement which lies 250 miles north of Athabasca Landing. This new link of line taps the Athabasca River below the series of rapids which extends from Grand Rapids to Fort McMurray, the unfortunate break of sixty miles that destroys navigation midway between Athabasca Landing and Lake Athabasca. The completion of the

A. & G. W. Railway, which is anticipated in the spring of this year, connects Fort McMurray with civilization, thus another new great empire of wealth is brought within the range of practical business; for at Fort McMurray, the Athabasca River is one great natural canal, opening out greater than any work-of-man into that beautiful expanse of water named Lake Athabasca, the shores and hinterlands of which are a virtual miners' paradise, where abounds unlimited deposits of nickel, silver, copper and salt, that yesterday was hidden in the bosom of this territory an open secret. Today this new link has opened countless mining opportunities, and the result of all this potent enterprise will within the next decade amass to our national credit, wealth in abundance, but also leave Canada teeming with prosperity.

How true the dream that entered the spirit of the promoter.



The construction of the Edmonton Athabasca Branch of the Canadian Northern Railway



The first passenger train over that route. It went so slow that Mr. Coyne jumped off, took the picture and ran up and boarded the train again.

which will not only wipe off Canada's war debt but also leave Canada teeming with prosperity.

MY FELLOWSHIP WITH YOU

Humbly may I state in appreciation of your confidence, that the sentiments which I have so briefly expressed may convey to you the true spirit which fills me with enthusiasm. How proud I am to find myself associated with men of Alberta, compatriots of mine, and tillers of the soil, whose brains and enterprise, under my direction, has created this joint partnership, our Northern Production Company. Your kind thoughts and expressions and failing support has guided me through my trials and tribulations, your manifest fairness and might I almost go so far as to say, your faith, to me, rehabilitated my soul when I often felt that I must capitulate to circumstances. When it appeared that the battle was lost, my associations with you cheered me and stiffened me again in the fight, and we won. Truly, the spirit that exists between us has been a solid good-will; it is the companionship of such as you with me that has given me the courage to continue. It has been a hard struggle and a long struggle, but the dawn of the day of reality has appeared. I hope that in this year, which is yet in its infancy we shall attain our long-waited reward for our faith and enterprise. I have still the courage to continue. Have you? If you have, this is the year we win. I say to you, one and all, Let us continue, for can I forget the past? Can I forget the hospitality of your homes in these trying days? Can I forget the debt of gratitude? From the bottom of my heart and with a feeling of pride in you, my fellow-men who have stood with me and by me, I can answer: "I cannot forget you!"

This is the spirit of the Promoter.

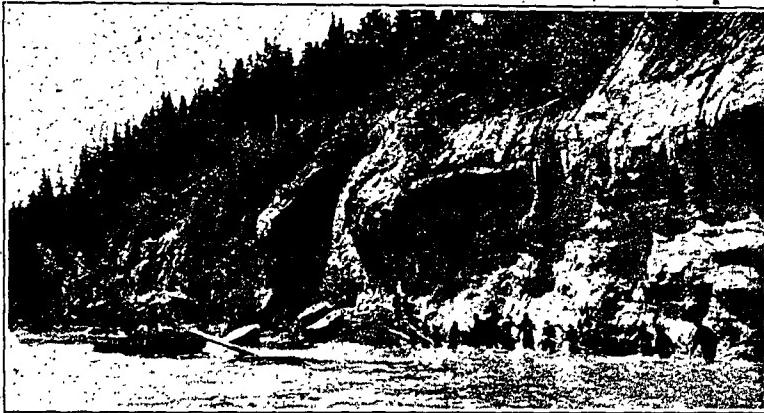
A. E. A. COYNE



An Indian dugout in the Far North. The President of the Company participates in the pleasure.

TRANSPORTATION

What has brought the oil-field within the range of practical business?



THE OLD WAY.
Tracking Scows up the Athabasca River.

Only two pictures, but a glimpse at the life-work of J. D. McArthur. A transformation scene that in other lands would earn such enterprises a more prominent tribute.

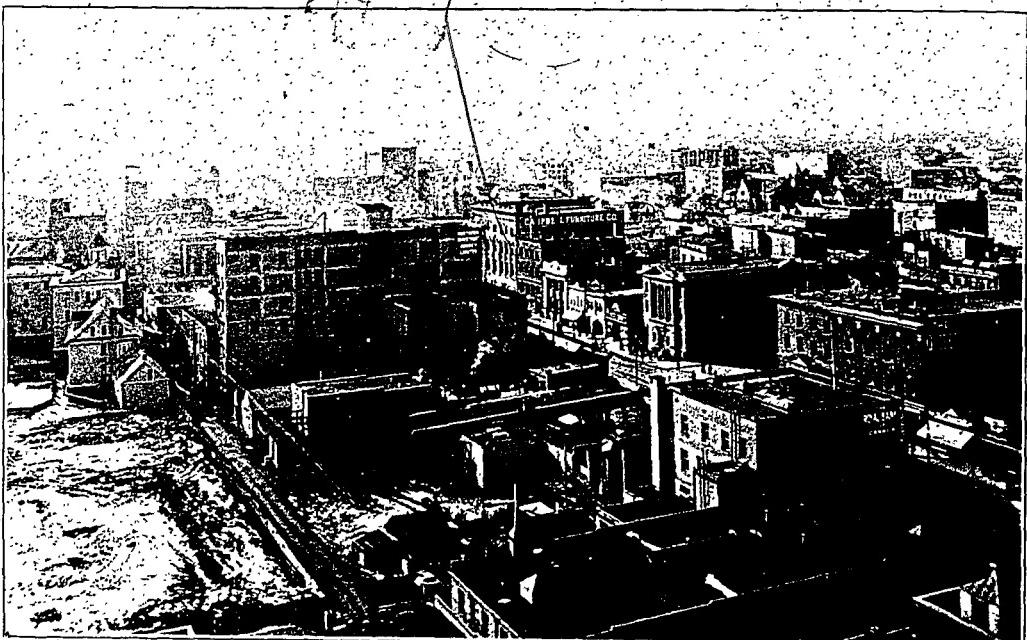
Yet poor humanity will criticize, bite,
One crowded hour of glorious life,
Is worth an age without a name,
And development spells success;



THE NEW WAY
Mr. McArthur's Legions.

The Thriving City of Edmonton

Capital of the Province of Alberta

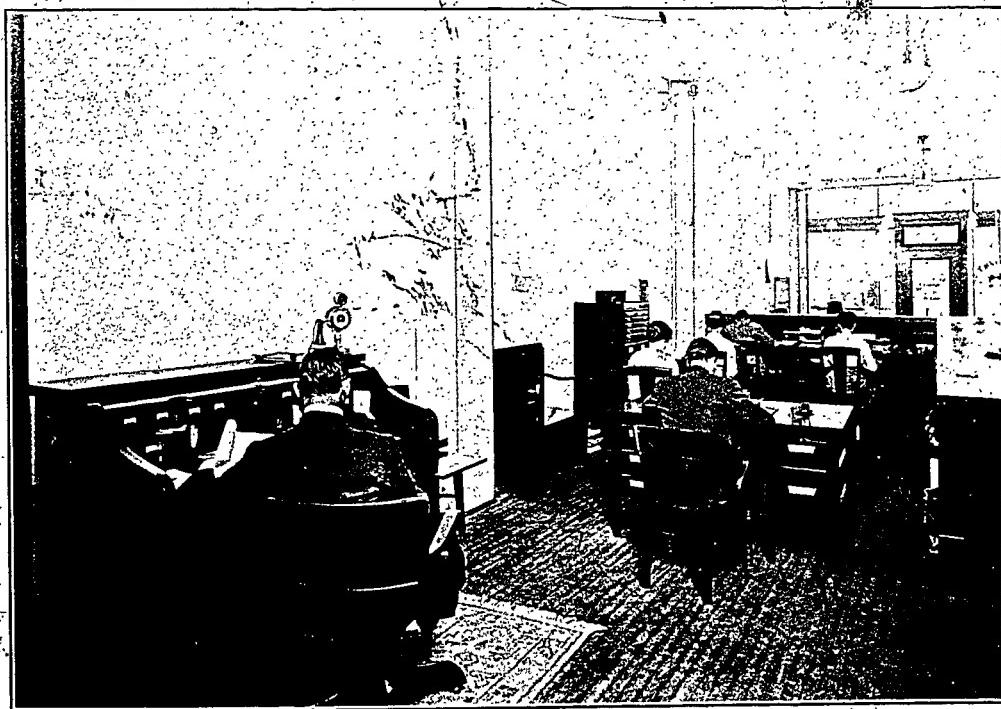


The Heart of Edmonton.

Like all the North-West, Edmonton was first settled by Scotchmen. In 1890 its population was but 1,200, but with the entrance of the Canadian Pacific Railway in 1891 we find its growth to have been steady. The gold rush to the Yukon in 1897 gave a fresh impetus to its expansion, and in 1905 the entrance of the Canadian Northern Railway finds the town with a population of 7,000. In 1910 the entrance of the Grand Trunk Railway, at the time of unprecedented immigration into the West, made Edmonton's progress swift and sure, for from the year 1907 to 1914 Edmonton had merged from a town into a thriving city of 70,000 population—palatial buildings, street railways, miles of paved streets, and all modern conveniences.

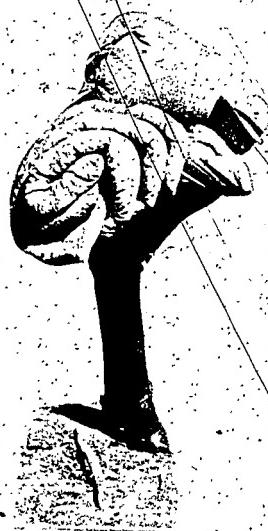
While the city fathers' struggle with the financial problems consequent of the war, like a Rip Van Winkle they will awake in less than a tenth part of the proverbial 20 years to find that many have not even dreamed of what will occur. Adjacent to this great oil field, which is being quietly opened up, we will leave it to every one of our fellow citizens to forget present struggles, and encourage those who have thrown trouble to the winds, and searched the true salvation of the country, the immediate development of these immense Petroleum Resources—Development not Retrenchment.

The Offices of The Northern Fiscal Agency, Limited



Williamson Building, Edmonton, Alberta, Canada.

Whose competent management of the field work of the Company deserves the continuance of their services.

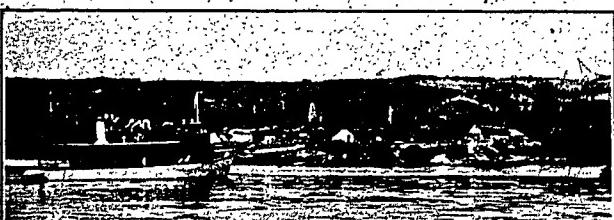


Embarking for the Oil Field.

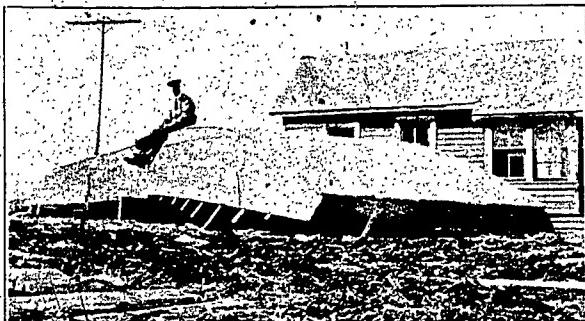
SUPT. J. P. SCOTT
of-the Northern Fiscal Agency, Ltd.
Everybody knows Joe!



Canadian Northern Railway Depot, Athabasca.
Where Rail and Water meet.



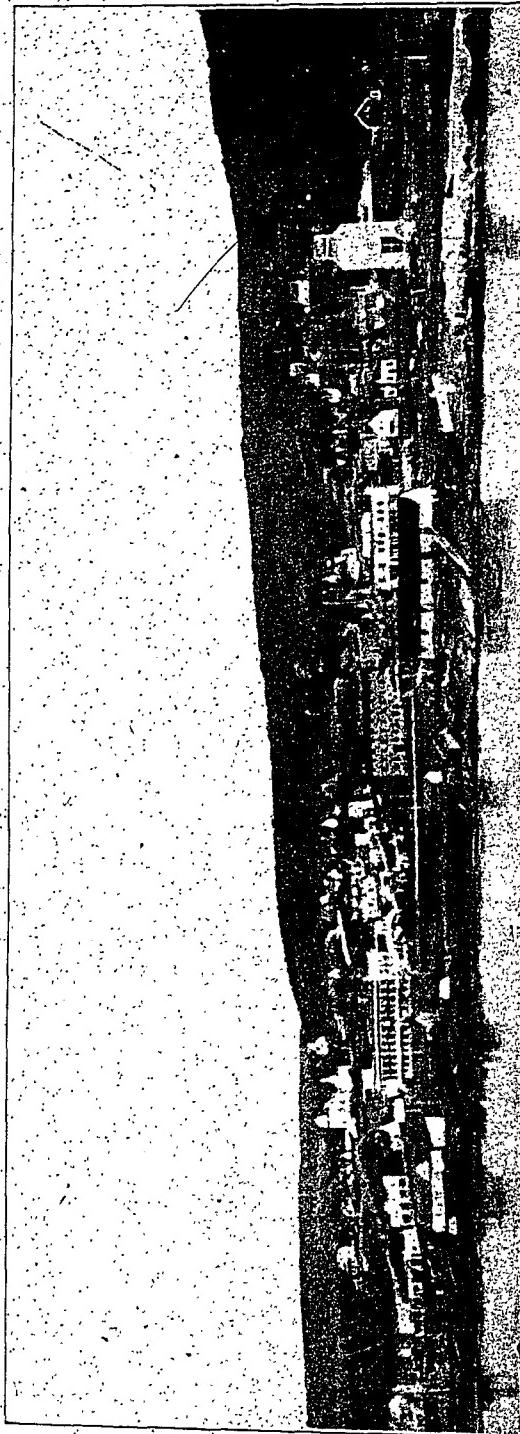
The scene of our operations



G. L. Stebbing, Secretary of the Northern Production Company,
measures the size of a ten-ton scow.

The Town of Athabasca.

For years the thriving town of Athabasca was isolated. Located on the historic banks of the Athabasca River, where it takes a mighty sweep northwards, it has always been the chief shipping point into the great Northland. The extension of the Canadian Northern Railway from Edmonton, which lies just 100 miles due south, creates Athabasca as the port of the North. The contemplated construction of the Canadian Northern Railway from the town straight northwards to Fort McMurray will readily repay the investment, for not only will the railway run right through the heart of the oil fields, but through miles of unlimited supplies of pulpwood, passing through the Grand Rapids already referred to, an electric railway would be the most suitable. The lines runs through the heart of the Northern Production Company claims, and thence through 50 miles of the famous Tar Sands. The delay in the construction of this line is a backward step in the country's development.



A Comparison of the World's Oil Fields With Those of the Athabasca River District.—Northern Alberta

Showing the Potential Value of the Oil Reserve
of the Northern Production Company, Limited.

BETWEEN the years 1897 and 1902 the American and Russian outputs of petroleum kept very close, and for four years, 1898 to 1901, Russia produced about half of the world's supply, a result the more remarkable when it is considered that the Russian production was obtained from some two thousand wells spread over an area not exceeding ten square miles. With such a fact before us, one must pause to consider what the possibilities of The Northern Production Company, whose oil lands at present cover an

In the years 1901 and 1902, we find extraordinary interest was aroused in American enterprise by the remarkably rich discoveries in California and Texas. The Spindletop strike in Texas caused a furore of excitement, and the production of California rapidly increased with the opening up of the rich fields of Kern River and Colonga, so that by 1912 it had attained the amount of 86,000,000 barrels, a total exceeding all other oil countries.

This enormous output was again supplemented by the phenomenal development of the Sunset Midway field, raising the production in 1914 to the colossal figure of 100,000,000 barrels.

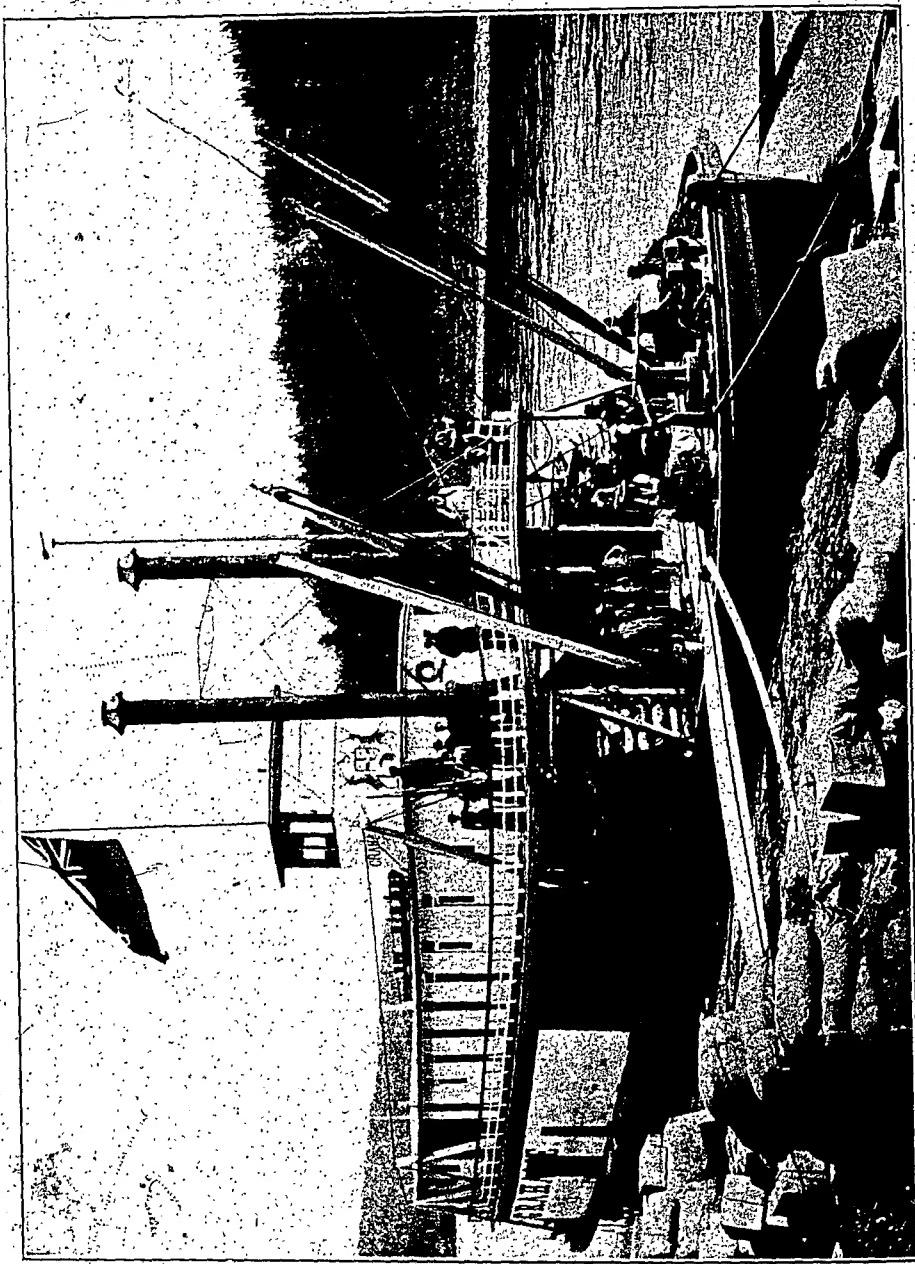
But nowhere do we find a more striking example of dormant wealth than in the State of Oklahoma, for in the year 1912 the discovery of the Cushing Pool, which increased its output within a few months to about 5,500,000 barrels monthly, so revolutionized production that for a time it demoralized the markets, which adversely affected the oil industry of the mid-continent fields.

It might be said that the oil industry received its greatest impetus in 1910 and 1911, and it might be well to mention that about this time a well was struck in the Maikop field in Russia, near the Black Sea Coast, which flowed exceedingly high grade oil at the rate of 37,500 barrels daily, and which led to a wild land speculation. Thirty-two acres yielded 1,100,600 barrels in 1912; such production almost at times justifies confidence in the wildest flights of imagination as to the possibilities to be derived from oil investments.

The United States of America has since 1901 been the largest producer of Petroleum, and it might be chiefly laid that the supremacy of the American in the oil industry has been caused by the restless and enterprising spirit of its people. They cannot resist the impulse of entering an industry yielding such possible profits. The American is a good loser, therefore a good speculator. To this spirit of enterprise we dedicate her world supremacy in Petroleum, for with such rewards to the successful such as are obtain-

ed in Petroleum Mining, the condition becomes almost irresistible to the average American. He has followed up his failures with the same spirit of optimism, and has driven his wells far from proved fields and into regions where indications were little or none, thereby opened up territory which for a century might otherwise have been closed. Those who are prone to discourage oil speculation may at once face the fact that the richest fields on the continent of North America have been opened up by company judgment would prompt as unsound and geological advice term impossible interpretation in a justification of highly speculative enterprise but an airav great petroleum industry yielding its millions annually to a great extent of original wildcat wells, for areas which under sound geological a never have been touched had not the intrepid pioneer, whose ex-

Hudson's Bay Steamer on the Athabasca River.



disbursement required for expert geological advice, gone ahead, as it were, "on general principles," with results which have astonished their fondest expectations, and much to the general benefit of heretofore geological science, for in no country has there been displayed such activity in prospecting and developing oil lands as in the United States of America, where immense areas of what was regarded as waste lands have proved to be great oil-bearing territories, now annually yielding production in wealth which exceeds without comparison the wealth produced by agricultural pursuit. So similar are the conditions which exist in Alberta that we cannot resist the foregoing paragraphs as an object lesson, which will encourage the thrift of Albertans in the direction of mining, from the otherwise prairie scene of endless wheat fields, which seems to have fixed our minds purely on our surface possibilities, for Alberta may possess its magnitude; to the passing observer, by its seemingly endless miles of rich agricultural development; its grandeur may originate from its immense landscapes, but its national future lies stored up in the unseen dormant wealth which lies below its surface.

The Northern Production Company feels justified in these few remarks, for its enterprise in the waste-lands of the North has caused the unprecedented activity in petroleum mining which the pages of this brochure will unfold to the reader. No one who is aware of the facts will deprive us of the credit of our enterprise, which has gone along single-handed, the only spark of life these last years of the war, whose direction was the development of the oil field. True, there are others now, but we led, and those large interests who have secured great areas did so after we had done initial development work, which proved beyond a doubt the true possibilities. We welcome all to the work; there are thousands of millions to divide; we have a large share of it coming. For this we feel justly proud of our enterprise, and proudly enthusiastic of our President, whose personal work has been the birth-right of the Company, for we can see in him who has accomplished all this, and so much under trying circumstances, a future which he has many years to enjoy.

THE COST OF DEVELOPMENT

It would be well to at once dispel the fallacy, which has been obtrusively circulated, that oil field development requires much more money than any other commercial enterprise. The cost of equipping the average oil field bears no relationship to that required to a mine of the same tonnage; indeed, the development of an oil property that lies within the sphere of railways is often within the means of a private well-to-do citizen. There are thousands of small operators in the American oil fields who have started with little, and built up substantial and respected businesses, and wherever there is a free market for crude oil there are excellent chances for the energetic of business capacity. The oil industry, in most countries, has been established and built up by numerous small operators, who have been subsequently induced by tempting offers to sell their interests to financial groups, after amassing a good bank balance. It has, in fact, been the small man who has laid the foundation of oil enterprise in all but a few countries, and the romance of The Northern Production Company is no exception to this world experience. Comprehending all these possibilities from the past economic experience in the development of the oil industry, the management of the Company has foreseen what would be determined by an important strike in the district in which it was the sole operator, and judging possibilities as realities for the present, has secured its immense area of leases, which will immediately be augmented by further aggressive acquisition of lands, so that the day the first strike is made, which will not be many months, owing to the progressive policy of drilling inaugurated, we shall find ourselves overnight removed from the pale of a small prospector, the titled holder of lands miles in extent, and an area capable of operating 300,000 producing wells. While such a colossal production is impossible, it will show the extent of the possibilities, and we have no hesitation in stating that, within five years, the Company will be operating 1,000 wells on the properties.

The occasional booms and extravagant speculation in oil lands and shares are no more excusable than gold rushes to the Yukon—Edmonton's birthright. Similar rushes have been witnessed in Australia and California, but such events will never be avoided so long as petroleum yields such great rewards to the successful. For whilst human nature endures, discretion and prudence will occasionally be thrown to the winds by speculators in a scramble for unknown stakes. Nor does it seem reasonable to preach caution, when fortunate operators can be seen drawing an income of from \$5,000 to \$25,000 a day from a well which has cost them but \$10,000 to \$25,000 to drill.

A single Russian well in 1908 gave within one month oil to the value of \$1,300,000.

Had the same well been struck in 1914, the oil would have had a value of \$5,760,000, or \$192,000 per day. Such a producer smashes all the niceties of a conservative banker's idea of capitalization, whose geologic knowledge sometimes is less than the majesty of the proverbial church mouse. The Columbia well in the Moreni field of Roumania in 1912 and 1913, gave oil valued at \$5,570,000 within eighteen months. This well was not the property of a rich company; but a comparatively small and unknown concern, which for years had been struggling against adversity.

A few strikes in Mexico have sufficed to pay dividends on capital running into millions of dollars, thus compensating for years of unremunerative exploitation under the worst political and labor conditions. Valued at 60¢ per barrel at the well, the output of individual wells in Mexico have been maintained for months at figures which would represent \$48,000 to \$72,000 a day. Many an oil operator has been raised from almost destitution to affluence by the strike of a rich well. That these great possibilities exist on the large holdings of The Northern Production Company might be asking the shareholders to swallow too much, but one cannot forget the fact that the operations of the Company has already forced operators from various parts of the United States to send their engineers to investigate, which has resulted in the enforcement of much larger financial groups than was ever expected to take time by the forelock and acquire thousands of acres, in fear of our progressive operations, precipitating things somewhat by an important strike. The fact that these groups have spent hundreds of thousands of dollars in acquiring lands after a cursory investigation of our operations, that these large outlays of money have been made before they even placed a drilling rig in the field tells well of the immediate future of our Company. No further evidence of confidence in a producing field can be asked for.

VALUATION OF OIL PROPERTIES

It is the general purpose of your management to get away from the bombast, which is unfortunately issued to the investor as an inducement to purchasing shares. We have endeavored by what we have enumerated in the foregoing paragraphs to show to the shareholders something of a more substantial nature by a careful display of statistical and economic facts; and as one of the chief assets of the Company is its unusual large holdings of oil leases, perfect from a geological standpoint, and our ability to prosecute the proper immediate and continued development work thereon, it will be in conformity to devote a few lines to the valuation of oil properties, a subject which unfortunately is not known in this Province.

The valuation of oil properties demands skill and experience, which only long and practical training can develop. And in considering the future value of any property neighboring operations must not be overlooked, and the nature and extent of neighboring operations must be investigated.

Petroleum, being a liquid, is unlike coal and solid minerals, which nothing but a veritable catastrophe will transpose from the spot until attacked by miners.

As a mobile fluid, oil is deflected and easily missed by careless drilling. There has been some inclination in America to value oil properties by oil content, but the dangers of this course are great. Many properties could be named where the extracted oil must exceed the original oil contents by several hundred per cent., assuming an almost prohibitive thickness and impregnation of the oil rocks.

Producing properties, supporting Royalties of 10 to 15 per cent., have changed hands on a basis of \$300 to \$3,000 per acre, per barrel daily production. Californian oil lands have sold outright without reservation of royalty, plots of 40 to 640 acres, and even big ranches of many thousands of acres were first disposed of at \$5.00 per acre, then by increments as operations extended, until \$500 and \$1,000, and even \$5,000 per acre were obtained.

In 1912 the Californian Oil Fields, Ltd., paid \$565,000 for 480 acres in the Colunga field, and the Shell group later bought out their interest for the equivalent of \$12,500,000.

In April, 1914, in the Pameo District of Mexico, an American paid \$10,000 (Mexican) for half a hectare, plus one-third royalty. One select area of proved value in the Balen field of Russia, with well-sustained production, sold for as much as \$86,500 per acre, and plots adjoining proved acreage, but themselves not proven by drilling, sold from \$200 to \$3,000 per acre in Roumania and Galicia, while it is a common occurrence in oil fields for un-

proved territory where geological conditions are favorable to sell from \$20 to \$200 per acre, with an additional royalty of from 5 to 10 per cent. A complete investigation of such statistical data from actual records has led the management of The Northern Production Co., Ltd., to place a value of \$100 per acre on its oil lands. Such a valuation has been arrived at because the geological structure is perfect according to all engineers who have examined the territory; and given certain corroboration by drilling, it can be safely concluded by them that the oil field is of the first magnitude. During the last season's operations this corroboration was satisfied by our operations; therefore the lands are quite conservatively priced as an asset at \$2,000,000 or \$100 per acre. The coming season, with our two new wells completed, we can assure the shareholders that these lands will be so properly proved that a large increase in their value will obtain. The management have no hesitation in asking the shareholders to await with the utmost confidence, for it is obvious that we have not disclosed to what extent the various oil seepages shown in the log actually were, especially the 415 foot level strike, for a detailed knowledge of this would jeopardise our immediate policy; but by midsummer this year the land policy of the Company will have been fully completed, and No. 2 well drilled, and on June 4th during the visit to the operations, which is arranged and announced on one of the first pages of this report, we will have something to show which will demonstrate that secretiveness in the original prospect well was imperative.

One has only to read the thousands of prospectuses of oil companies to see the conservative comparison. It is the general rule to value areas of only 640 acres of unproved lands at \$500,000 in a promoter stock deal. In such cases valuations are obviously unsound, while if even the possibility does happen that the 640 acres does acquire that value, which is not improbable, as shown by the immense value heretofore outlined, the fact remains that the control of the Company was vested in the \$500,000 stock transaction, thus the promoters have



Prospecting the Athabasca six years ago.

nothing to lose and everything to gain in the case of favorable eventualities. In the case of your Company, if eventualities did happen to send the land asset into the thousands per acre, the 20,000 acre tract (and the additional acquisitions being arranged for) would run into many millions and give a splendid surplus increment value above capitalization. However, there is another important item which cannot be overlooked, and that is in the case of small holding companies which have to contend with numerous neighboring companies, which drive along competitive drilling, and careless operations adjoining may ruin an otherwise elegant claim. In the case of selling out or amalgamation with financial groups, we would be independent of the policy and requests of numerous other companies. We own the whole thing, and can therefore make an attractive sale if it was at any later date so desired. It has often been surmised that the larger financial groups might squeeze a smaller corporation, but this action is more a myth in business practice than a reality. However, the policy of the management in filing the entire 16-mile width of the Monoclinial arch of the Athabasca, and only allowing a small margin of the surveyed area, placed the Company in the immediate control of the petrolierous formation at this surveyed point. The next possible acquisition of lands which could be made would either be the small leavings of this company adjoining its own property reserve of over 50 miles on the Christina River, where another six mile strip is surveyed, the intervening country being wild and waste lands unsurveyed, and most likely

to remain so for a number of years. No large financial group would acquire the minor portion left adjoining our reserve, for it was left in a strip running right up the total length of our reserve on both sides—the strip is narrow in each case—because if they did they would have to drill; and thus we could place a well in between each of their wells, and therefore at half the cost prove up our area admirably at their expense—we the major interest though financially poorer, they the minor interest, though financially greater. The foresight of this move will be clearly proven when you analyze the large filings made on the surveyed strip 50 miles northeast in June and December this year, months after our acquisitions of the leases, and after an examination of our well:



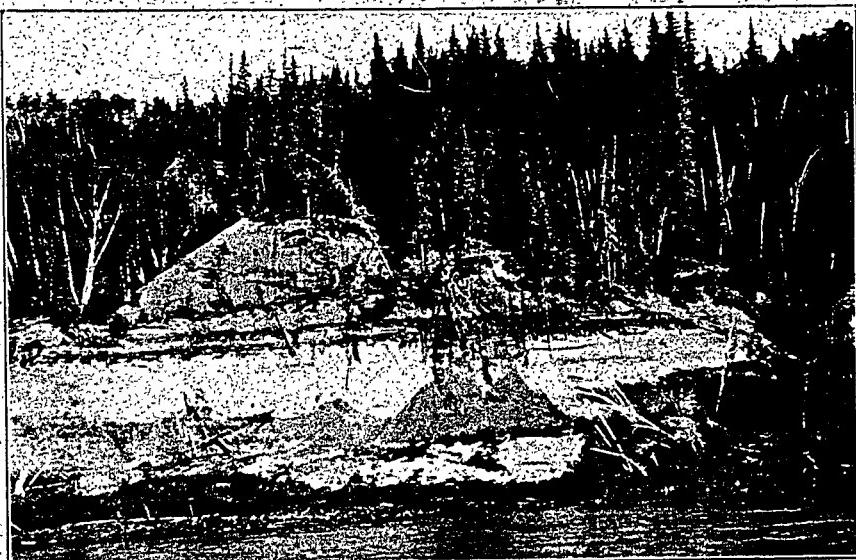
On the Athabasca River

Indications of Petroleum by the Surface Character of Oil Fields

(A Comparison)

The physical characteristics of Petroleum-bearing regions vary widely in different countries to a great extent by geographical situation, and the frequency and amount of rain or prevalence of long droughts.

The predominance of unconsolidated plastic clays and shales characterise oil fields of the tertiary age. Amidst such surroundings disintegration proceeds at a rapid rate, and under the influence of river current there are frequent landslides. This condition is quite



prevalent throughout the Athabasca River district in its entirety, as evidenced by hundreds of miles of cutbanks. A close inspection of the three pictures following will immediately convey to the shareholder the condition of rapid disintegration. The pictures are taken in the close vicinity of your Company's lands. In one of them you will find the quite recent slides of the shales over the sandstone is very perceivable, while in the other small plate trees recently fallen and in the process of tumbling. Next season on our trip up the river an examination of these cutbanks can be made, and the trees in a falling condition in the picture will have been precipitated down the bank into the river.

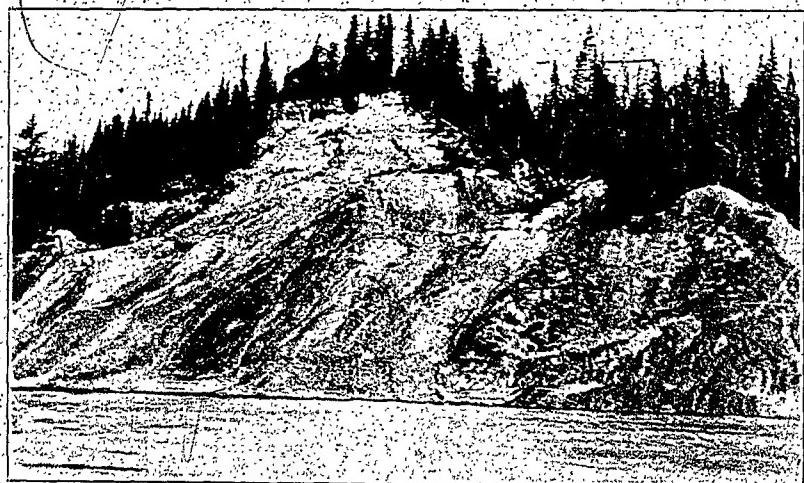
There is an extraordinary resemblance, such as shown in far separated fields, as Roumania, Galicia, Russia, Burma, Peru and California, with those of the Athabasca River in Canada. Another characteristic with which we deal more fully in a following chapter, is the massive outcrops of sand, stained or even saturated with oil. Around the Baku and Maikop oil fields of Russia and amidst the Californian, Trinidadian and Roumanian oil fields may be observed outcrops of oil-seaked rocks, that afford exceptional facilities for scientific

study. In another page we give a large photo of a limestone boulder, many tons in weight, showing oil seepages exuding from it.

NATURAL GAS

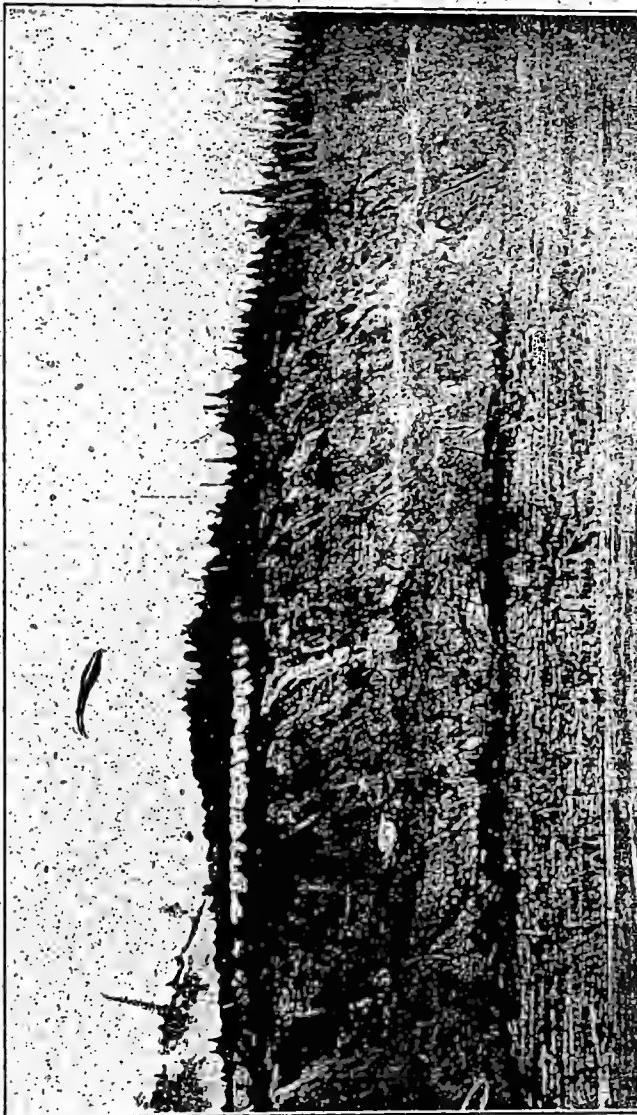
Whilst natural inflammable gas is not a positive indication of petroleum, its association with oil is so general in all parts of the world that it is impossible to disregard its presence. If there is a petroliferous odor, the origin of the gas should be investigated and established.

Petroleum-gas generally contains from 80 to 90 per cent. methane, but there are other hydrocarbons present which impart to it a distinctive odor, and these simplify its recognition as petroleum gas. Small quantities of gas may escape continually through crevices, and thus

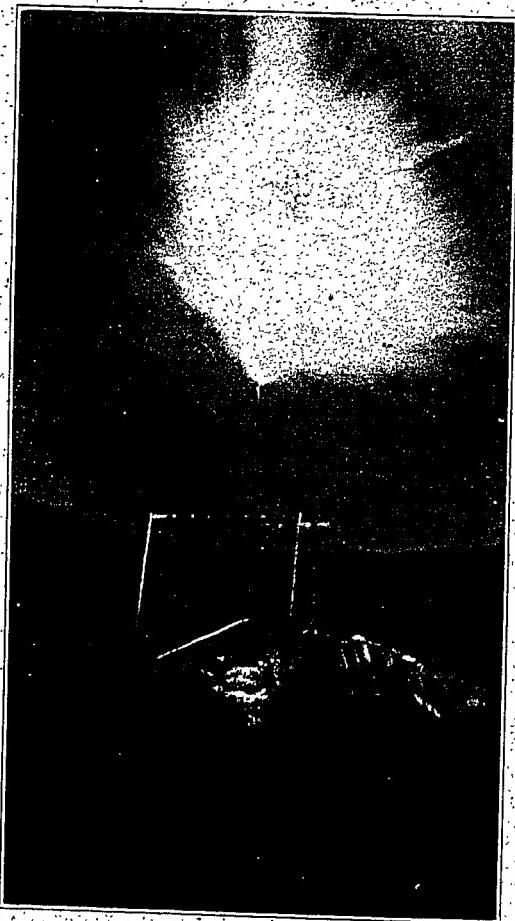


indicate the probable presence of oil and develop on a larger scale, where the strata is inclined and the edges of the petroleum-bearing beds outcrop to the surface.

This condition exists on the Athabasca River, in many places north of the Company's lands. At one place in particular the gas bubbles arise to the surface of the river, covering to the extent of a few acres, and float down stream reflecting an iridescent hue, showing the bubbles to be temporarily held by the presence of oil. Such similar conditions exist in the Caspian Sea in Russia and off the coast of Burma; and also where the oil-strata approach the surface in the Texan and Californian fields.



The continual disintegration is here shown on the Athabasca River, near the Company's lands. The overlying shales almost completely exclude the immense sandstone banks from view. While numerous trees can be seen lying in confusion on the sandstone ridge at water level, in the distance at the top left-hand corner can be seen a toppled tree of good size, far from the erosion of the river. The whole picture creates an atmosphere of waste.



The Pelican gas well, which has been burning continuously since 1897. Photographed July 15th, 1917. Situated on the Athabasca River, 60 miles south of House River.

Petroleum Seepages and Asphalt Deposits

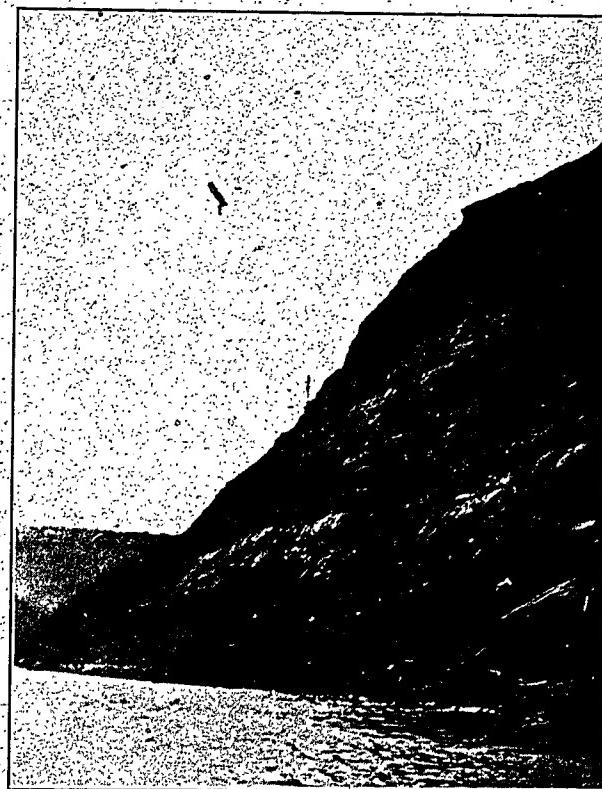
Natural issues of petroleum obviously afford the most positive evidence of its occurrence, and it is amidst their occurrences that most of the tertiary oil fields of the world are located. When the topography is favorable or grade of oil suitable, the escaping oils quickly suffer loss of volatile constituents become oxidized and converted into solid masses of asphalt, which in time reach large dimensions. Around many of the known oil fields there are extensive deposits of these oxidized products of petroleum.

Asphaltic deposits are often very deceptive in their appearance. Masses covering an area of an acre or more may be traced to a single or several small exudations from fissures, the asphalt covering a large surface with a mere capping. In some parts of the Caucasus in Russia, there are hills of asphalt many feet in height. An outcrop in the Baku field of the oil-sands on the edge of the famous Balakhan oil-field, is indicated by a hill of asphalt mixed with mud and sand over 100 feet high.

The Trinidad Pitch Lake, which takes the form of a rough circle, and has an approximate area of 127 acres, and which recent geological work has conclusively established its origin, which originates from underlying petroleum bearing strata, and the present pitch is nothing more than the accumulated residue of millions of tons of petroleum.

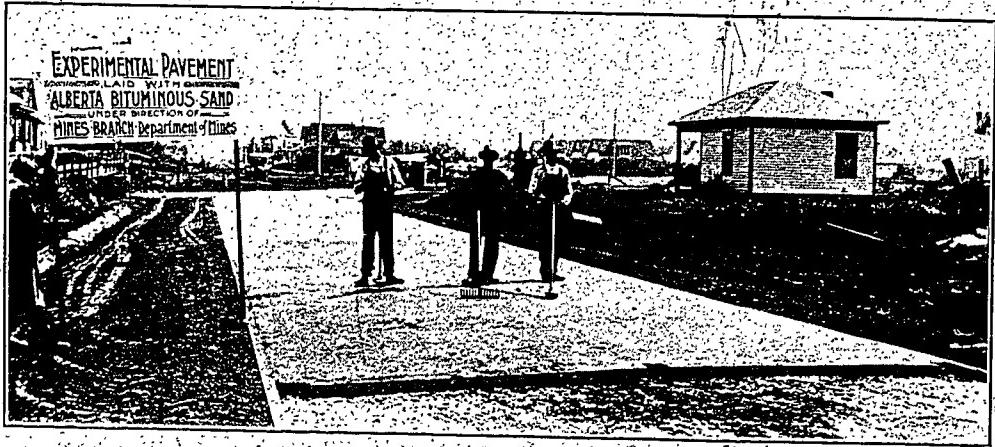
The Burmudez asphalt deposits of Venezuela occurs amidst coarse grass in swampy ground, and issues from numerous cones spread over 1,000 acres.

When it is considered that the renowned Pitch Lake at Trinidad has an area of 127 acres, and a hill of asphalt exists, mixed with mud and sand in Russia, it almost comes as a



A beautiful picture of one of Tar Sand Banks along the Athabasca River. Taken near Mountain Rapids, about 33 miles north of our claims.

sensation when it can be stated that Northern Alberta in the district of the Athabasca River, where our company's claims are situated, has an outcropping of asphalt over 100 miles long and rising to the height of over 200 feet. In fact, for seemingly endless miles the Athabasca River is one continuous panorama of stupendous banks of asphalt. This phenomena has only within the last three years been visited by geologists other than those of the Canadian Geological Survey; estimates of such an area are impossible, but the roughest of guesses made by competent engineers who have examined them place the deposit at 10,000 square miles in extent, or a residue of 30,000,000,000 tons of petroleum. Such stupendous indications only prophesy tremendous petroleum possibilities, which if discovered in the same ratio of increase to the proportion of the immensity of the outcrops will settle the oil shortage for some considerable time to come. It should not, however, be overlooked that asphalt deposits and oil seepages are evidences of loss of oil, but only constitute presumptive evidence of further supplies. Therefore with such an immense area of asphaltic deposits as exist in our field, combined with innumerable oil-seepages, gas springs, tar springs and perfect geological structure,



Experimental pavement with Athabasca Tar Sands (Asphalt) laid by the Dominion Government in Edmonton.

there seems only one sound and reasonable conclusion, and that is oil possibilities of the greatest potential value. Our enterprise is the first to place within immediate proof the science of geology and the prospects of the field. That we intend to carry out our progressive policy, the coming season of 1918 will surely tell. And it is to be hoped that to the world we shall have a message to convey this coming fall, if not before.

Extract From Canadian Government Geological Survey Reports on the Tar Sands of Northern Alberta

R. W. Ellis, LL.D., F.R.G.S.

The celebrated tar sands of the Athabasca River in Northern Alberta may at some time furnish material for distillation. These tar sands have been well described by Dr. Bell and other officers of the Canadian Geological Survey who have visited the area. Dr. Bell, after describing the amount of tarry matter found along the river, states that the pitchy sand itself may be useful for a variety of purposes. When chopped out of the bank like coal, it was found to burn freely with a strong smoky flame, if supported in such a way as to admit the free access of air, and as the bitumen became exhausted the fine sand fell to the bottom.



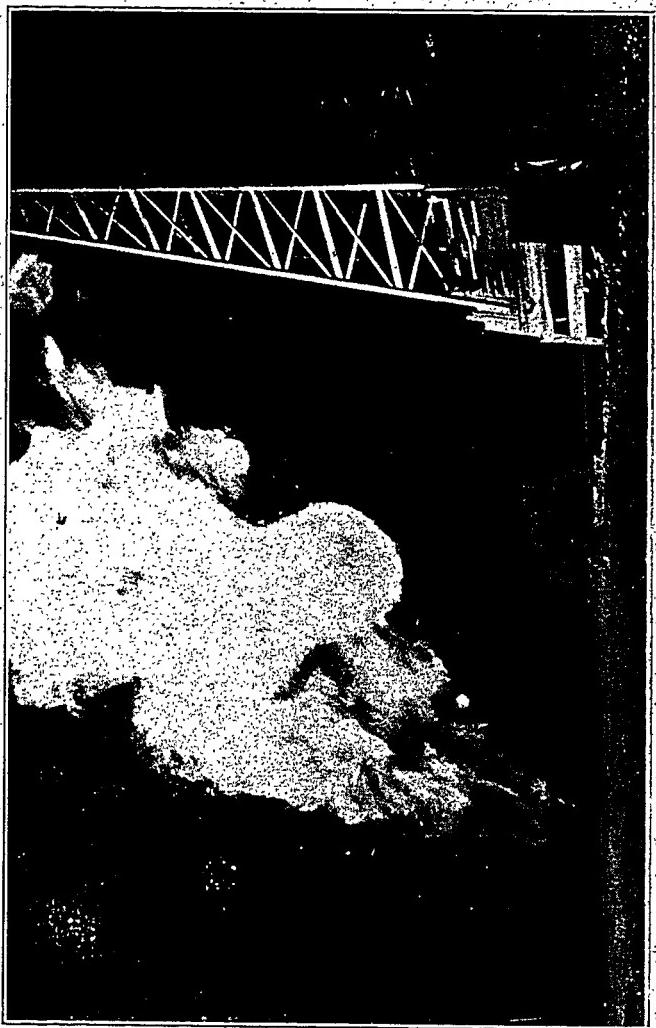
Another view of the Tar Sand paving at Edmonton. This has stood up well for four years, and shows not the slightest signs of wear, even though it is located in a very heavily trafficed street.

A very superior lubricating oil may be fabricated from it (Dr. Hoffman, of the Geological Survey).

Mr. Isaac Waterman, the well-known petroleum refiner of London, Ontario, and Lieut. Ochirane, Instructor in Practical Chemistry at the Military College, Kingston, have found it to contain 12 to 15 per cent. of bitumen. The high banks of the river and its branches offer an easy means of excavating it, and as it burns readily one part might be consumed to extract oil from another, there being practically no limit to the quantity which may be obtained for the digging.

The interest taken of late in this peculiar mineral has been very keen, and is probably being increased by the railway entering this district.

The outcrop of the tar sand commences about 30 miles south of Fort McMurray, on



Viking Gas Well

the Athabasca River east and west for at least 30 miles, and varies in thickness from 20 to 225 feet, with probably an average of 150 feet, according to the Geological Survey report of 1893.

The enormous quantity of this mineral has been variously estimated, and in the report of the Canadian Geological Survey a great deal of useful information may be had concerning it. Copies of this report may be had on application to Mr. Haanel, Director of the Geological Survey, Ottawa.

According to an analysis made by Dr. Hoffman, late chemist to the Geological Survey of Canada of a specimen of this substance collected by Dr. Bell, it was found to contain:

Bitumen	12.42 per cent.
Water, mechanically mixed	5.85 per cent.
Siliceous Sands	81.73 per cent.

Dr. Hoffman found that the sand consists of grains of pure vitreous quartz, suitable



Another petroleum seepage issuing at the river bank.

for the manufacture of the finest white glass. As the tar sand burns freely if supplied with sufficient air, we have therefore both the silica and the fuel for glass making. In its native state it may be used with little or no refining as an asphalt mastic for paving, roofing, electric insulation or other purposes. No other artificial mixture of similar components can excel the natural combination.

Limestone outcrop.

of fine sand and bitumen which it affords. As to the quantity of the material available, Mr. R. G. McConnell, in his report, says:

Extract from R. G. McConnell's Report, Canadian Geological Survey:

A cubic foot of the bituminous sand rock weighs, according to Dr. Hoffman, 117.5 lbs. This figure multiplied by the percentage of bitumen, 12.42, gives 14.59 lbs. as the amount of bitumen present in a cubic foot, equals 22.90 per cent. in bulk. Taking the thickness at 150 feet, and assuming the distribution as given at 1,000 square miles, the bituminous sand in sight amounts to 28.40 cubic miles. Of this mass, if the preceding analysis is taken as an average, the amount of petroleum which must have issued from the underlying limestones to produce 6½ cubic miles, or by weight 30,000,000,000 tons, cannot now be estimated.



Limestone boulder, showing oil seeping out.

From the above it would appear that this deposit of tar sand or asphalt or pure bitumen is the largest of its kind in the world.

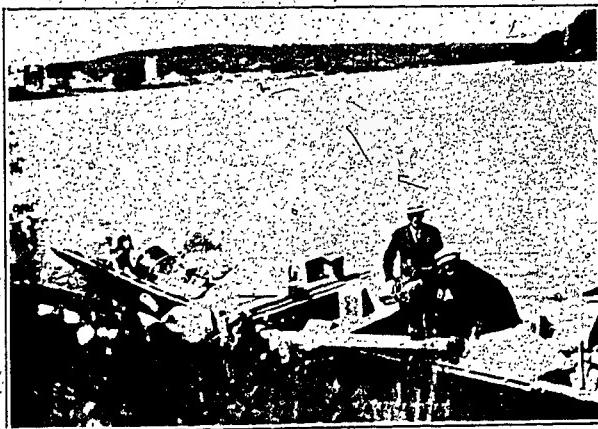
Dr. Bell before the American Institute of Mining Engineers:

Different experiments made with the tar sands of the Athabasca District, Northern Alberta, show that while they yield some good illuminating fluid, their principal value consists of the large percentage of fine lubricating oil which they afford. This oil was found to remain liquid in the cold weather temperatures of the Canadian Prairie Provinces, and therefore is very suitable for car wheels and machinery working in the open air.

According to the Canadian Government Report—

New North West Exploration, page 62, it is stated: "That it is the opinion of the best geological authorities that it would repay the money invested to bore a hole further south (from the tar sands), say in the locality of Pelican River. Here the cretaceous formation overlying the tar sand is shallow, and it is possible that the overlying impervious shale may have retained large quantities of petroleum."

As this is a direct statement on the district in which the Northern Production Company have secured its oil reserve, the shareholders should have little to fear when we are carrying out the government's recommendation.

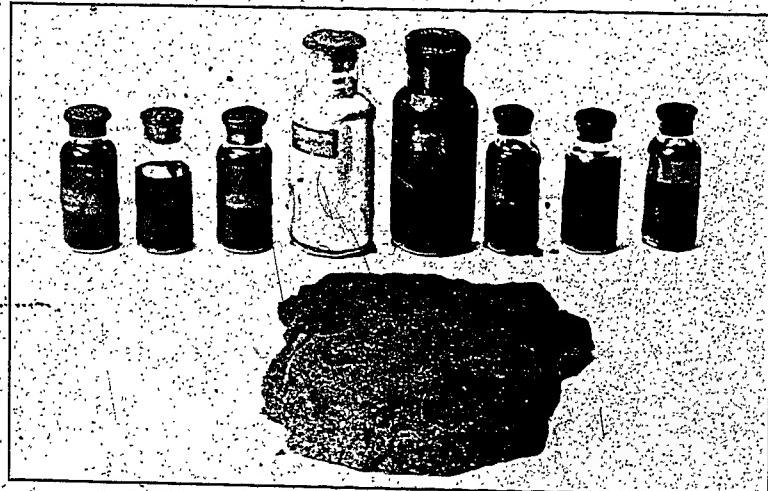


Conditions are Favorable for the Accumulation of Oil

Extracts from Government Reports.

When oil, gas and water exist in any porous strata which is not perfectly flat, these substances separate according to their specific gravity, except where the gas remains dissolved in the oil under pressure. The great trough or syncline, the axis of which extends in a general north-south direction. Water being heavier than oil will settle in the synclipe or basin, where the sand is the lowest, while oil being lighter will be found up a bit above the water.

Take special note of this paragraph of this report of the Geological Survey, also see map on page 26. The tar seepages which exude from the Dakota Sand along the Athabasca River in Northern Alberta, and which have been described by McConnell and others, represent in their explored portion a body of solid bitumen, having a volume of 6 cubic miles. This



Distillate, Sample taken by extraction from the Tar Sands.

body is believed to be the residue of an enormous quantity of petroleum, from which the lighter oils have volatilized leaving only the comparative solid residue.

Similar seepages of less extent are found on the Clearwater River (east of the company's claims), and on the Lalon River (just at the northerly tip of our claims). These seepages follow a northwest by southeast line (the axis of our property follows this direction) and the oil from which they originate may be governed in its accumulation by the great arch which crosses the Athabasca River in the vicinity of Crooked Rapids (our claims are all situated on this arch). According to McConnell, gas springs exist at the mouth of the Little Buffalo River (10 miles north of our claims), and at a point 13 miles north of Pelican (about 20 miles south of our claims).

Report on The Company's Oil Lands

By O. T. Ross, Consulting Engineer

It has been established that for a wide stretch of country in Northern Alberta, the geological structure lies in widely separated undulating folds running northwest and southeast, with dip varying from seven to ten feet per mile, paralleling the ancient truncated crystalline uplift to the northeast. These are intersected traversely by broad swells in the structure running northeast by southwest. Both anticlines and uplifts are due to lateral stresses at right angles to their axial directions. At the intersection of the first great anticlinal and swell near Fort McMurray, we find a truncated condition of the uplift, in which are to be found the greatest evidence of impregnated petroleum in the known world. The



General view of the Camps at the House River well.

formation is also cut by erosion of the Athabasca River, leaving exposed from one to two hundred feet of the Dakota sandstone saturated with petroleum residue.

To the south by west, approximately one hundred miles, we find a second great dome on the second anticlinal intersected by this same north by east and south by west uplift. These mentioned features are evidenced both by topography and geological structure, the latter, so far as is known, consisting of upper cretaceous lying non-conformably as Devonian limestone. The proof of this structure is shown by the outcrops in and about Fort McMurray, and by the logs of wells at Pelican Rapids and Athabasca Landing.

Comprehending this condition from a broad view leads us to a clearer understanding of the local conditions to be found where the petroleum lands of the Company are to be secured. Finding the Pelican Wells to be located almost in the centre of the syncline between two anticlinal domes, which are previously mentioned, and the area in question to be about midway between the Pelican synclinal and the Fort McMurray anticlinal or dome, the structural condition of the said area becomes quite simple. It resolves itself into the fact that since the area is about half-way up the southwest monocline or tangent of the Fort McMurray anticlinal, we find the surface structural zone in this territory to be Niobrare and Brenton, locally designated Grand Rapids sandstone, known to be approximately three hundred feet deep. This is underlain by some two hundred and seventy feet of Clearwater shale, which rests upon known petrolierous Dakota Sands of about two hundred feet in thickness.

The presumed depths of this strata is verified by the outcrops near Fort McMurray and the Pelican wells, as well as corroborated by the log of your well operations on which the Company has commenced:

The abundant past as well as present dissipations of petroleum to the north of this area, together with the presence of both semi-liquid and gaseous hydrocarbons in evidence as at the Pelican, leads us but to one conclusion as to what may be expected on lands carefully selected in this area. For if oil be actually dissipating at approximately the apex of the Fort McMurray anticlinal, and salt water together with a heavy viscous hydrocarbon with gas above lie present in the syncline at Pelican Rapids, both of which saturate the Dakota Sandstone, then the conclusion must be reached that at a point between these two localities of known saturated sands liquid oil, by all known processes of reasoning, will be found, for a liquid condition must be presumed to reinforce the constant dissipation at the Fort McMurray outcrop. Therefore petroleum leases secured about half-way up and along the monocline, in my opinion, would be most advantageous for the Company, especially in view of the fact that drilling operations are at present being carried out.

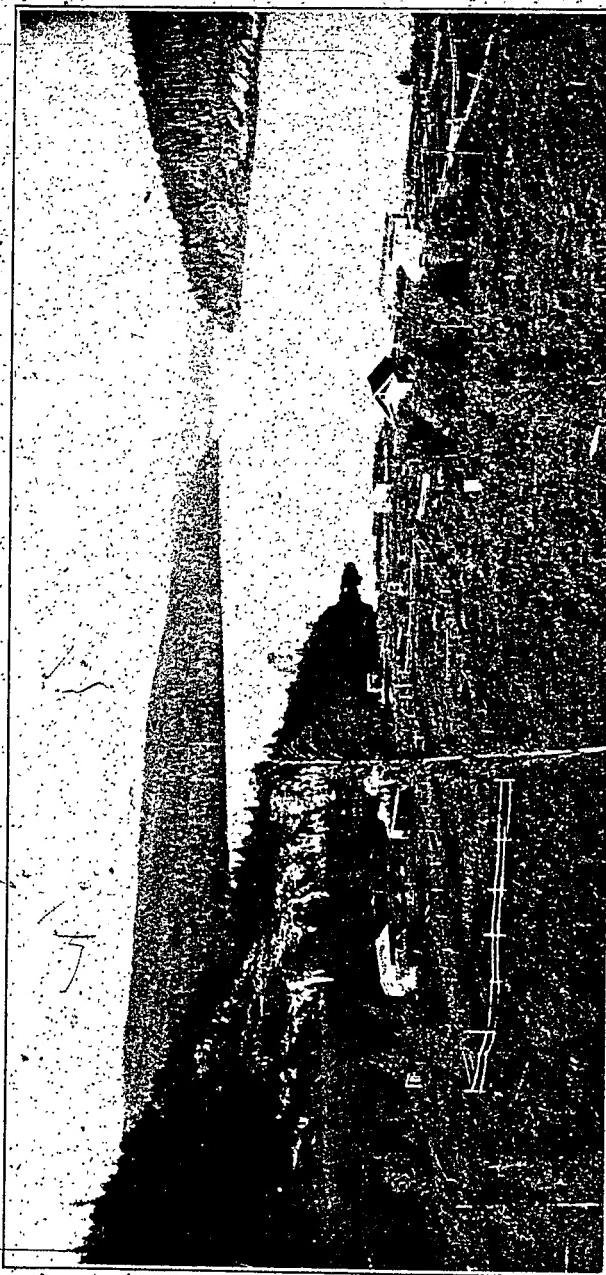
(Signed) O. T. ROSS,

Consulting Engineer



Northern Production Company, Limited
Description of its Oil Leases

Section	Township	Range	W. of 4th Mer.
" 30	83	17	"
" 31	83	16	"
" 13	83	17	"
" 24	83	17	"
" 42	83	17	"
" 5	84	17	"
" 1	84	17	"
" 11	84	17	"
" 14	84	17	"
" 13	84	17	"
" 12	84	17	"
" 26	84	17	"
" 23	84	17	"
" 22	84	17	"
" 34	84	17	"
" 33	84	17	"
" 27	84	17	"
W. 1/4	28	84	17
E. 1/4	28	84	17
W. 1/4	24	84	17
N.E. 1/4	19	83	16
E. 1/4	20	83	16
N.W. 1/4	26	83	16
W. 1/4	21	83	16
W. 1/4	28	83	16
" 29	83	16	"
" 7	83	16	"
" 6	83	16	"
" 8	83	16	"
W. 1/4	19	83	16
S.E. 1/4	18	83	16
W. 1/4	18	83	16
E. 1/4	17	83	16
W. 1/4	16	83	16
W. 1/4	9	83	16
" 25	83	17	"
W. 1/4	35	83	17
E. 1/4	35	83	17
" 36	83	17	"



Bird's-eye view of the Company's Camp, taken from the top of the derrick, looking south at Township 83, Range 16, West of the 4th Mer. As far as the eye can see these are the Company's claims, comprising the south one-third portion.

Proclamation of Confidence

(Signed in the derrick, at our No. 1 Well, on the 14th July, 1917.)

We, the undersigned shareholders of the Northern Production Company, Limited, desire to place ourselves on record, as follows:

That on the invitation of the Northern Fiscal Agency, Limited, to visit and inspect the petroleum lease lands of the Northern Production Co., Ltd., in the District of House River, Alberta, where we arrived on Thursday, July 12th, 1917. We find on arrival that the company's operations were being carried out with all dispatch. That having closely watched the drilling operations during our stay here at House River, we are pleased to report to all the shareholders, that there is undoubtedly oil at the well; as same could be clearly seen on our arrival, and has from day to day shown a steady increase, mixed with the water and mud when hauled from the well, and we further beg to say that we have satisfied ourselves from our conversations with the drillers, that a large strike of crude oil is quite to be expected.

We also desire to thank the Northern Fiscal Agency and Mr. A. F. A. Coyne, our President, for the whole-hearted welcome we have received at their hands, as well as for the frank open manner by which we have been afforded every facility for seeing and questioning the drillers at any hour, and for inspecting every operation being conducted.

We, having inspected the said operations personally, have every confidence in the ultimate successful issue of the work in hand, but this may prove to be a little delayed for confidential reasons amply explained to us by the President.

We desire to express the hope that our fellow shareholders will continue to give our President their unstinted support, both financial and moral, as they have done in the past, as we believe that the time is not far distant when we shall have reason to congratulate ourselves on being shareholders of the Company.

Dated at House River, Alta., the 14th day of July, 1917.

(Signed)

F. A. FERGSTAD, Roundhill, Alta.

A. PELAN, Camrose, Alta.

W. J. WILSON, Wabaskiwin, Alta.

C. A. FERGSTAD, Minneapolis, Minn., U.S.A.

E. L. LATIMER, Strathcona, Alta.

E. PATTERSON, Delia, Alta.

No better proof than the actual seeing of the operations could be suggested, so, on the invitation of the management a general invitation was sent out to visit the scene of operations.

From the different districts delegates were appointed, the districts paying expenses with the result that the operations, as well as the Athabasca Valley, were subjected to criticism, and the report shown on the foregoing page, was the result.

Amongst the shareholders was one who was a graduate of a European University in Geology; and another who had spent five years in the Yukon.



F. G. Wilson, delegate of Wetakiwin shareholders, filling bottle with oil, July 14th, 1917.



The visiting Shareholders photographed at the well.



Photograph of the visiting shareholder delegates at the well, July 14th, who signed the proclamation of confidence.

Report of Drilling Operations

Official Report on Operations at House River, Summer of 1916

THE EXECUTIVE DEPARTMENT OF THE NORTHERN FISCAL AGENCY, LIMITED.

Sirs:

As head driller in complete charge of your operations, boring for petroleum on Petroleum and Natural Gas Lease Number 552, situated at the confluence of the Athabasca and House Rivers in Northern Alberta, in the district of the Athabasca River Valley, I beg to submit for your approval the report of my work for the closing of the summer, 1916.

During the last week in August, I was instructed by your Manager, Mr. F. Blake, to proceed to the above-named location and to assume charge of operations.

I arrived at House River on the evening of Friday, the 1st of September, and at once commenced to look over the complement of machinery which you have on the ground, and as quite a considerable amount of overhauling had to be done I was not able to commence work until the morning of Monday, the 4th September. I ran the tools into the old hole, which was cased with ten-inch casing to the depth of from 65 to 70 feet. Owing to this casing having collapsed near the lower end, I found it impossible to get my ten-inch bit through; and therefore drew up, and put on a smaller bit. As there was no swage on the ground, I constructed one out of an extra ten-inch bit, and swaged the pipe out, and adjusted the hole for an eight-inch run of casing, which I carried to a depth of 307 feet.

This operation successfully effected the shutting off of a very considerable water flow, which had been gushing continuously in large quantity.

I then commenced drilling a fair eight-inch hole; and at a depth of 340 feet struck indications of Petroleum, consisting of a fair quantity of gas with a petroleum odor.

At 353 feet I struck water, with a continued flow of gas, and from 365 feet to 385 feet the petroleum odor gradually increased until at the latter depth I encountered actual oil showings on the bailers.

At 392 feet the well made a sudden flow of oil and water, which mixed with mud, gushed over 30 feet up the derrick. As I was without an eight-inch cap, and I considered it necessary to immediately get the well under control, I was forced to ease off and commenced sinking six-inch casing, and with considerable difficulty owing to the gushing mentioned above, and continued drilling down with six-inch tools.

On instructions by telegraph on October 31st, to close down, I stopped operations on that date at the depth of 415 feet, at which depth there was an abundant seepage of oil, which was saturating the rope, and covering the tools. I immediately capped the well, so that same could be safely left during the winter. Owing to the large quantity of oil which had covered

the sides of a ten-foot ditch, which I had dug as a drainage from the derrick cellar to carry away the flow of water and tailings from the well to the House River; and which I was instructed to hide. I ran sand pumpings into the ditch effectually covering all traces of oil. This done, I then securely nailed up the derrick, so that trespassers could not effect an entry.

The well is now capped, and every precaution has been taken to prevent eventualities during the winter.



Dressing the Bit

Mr. Leendecker, one of the crew, has been left in charge, with strict instructions to allow no person to approach the well. It affords me much pleasure to state that the drill has proven beyond a doubt that there is oil at this location. I believe that this district will prove to be immensely valuable, and I am of the opinion that by drilling deeper through the Dakota sands, which we have just tapped, you will bring in an oil well with great producing capabilities.

The formation I last drilled through was the Clearwater Shales, according to geologists, and what is known to drillers as "blue mud." The bottom of the well is now in the Dakota formation, commonly called the "Tar Sands."

I have brought out samples of this blue mud and oil, together with a sample of the shale and tar sand mingled, which I submit herewith. In the sample of shale you will find a very considerable proportion of oil, which is of an asphaltic base. The lower portion of the Clearwater shales are saturated with this oil, and tends to volume. This, by all process of reasoning, cannot but give us every confidence that this well will prove the district petriferous.

Respectfully submitted,

(Sgd.) ROBERT BRADLEY.



Report of the Field Operations

*Carried on by the Northern Fiscal Agency, Limited, on Behalf of
The Northern Production Co., Limited, 1917.*



To the Board of Directors of
The Northern Production Co., Ltd.

Gentlemen:

On instructions from the management of your Company we placed a crew in the field under the direction of R. Bradley, the same driller who was in charge of operations during the year 1916; and continued drilling operations on the well at House River, as a test well by which some knowledge of the structural geology of your extensive petroleum leases could be obtained, so that by the end of the season of 1917, sufficient data and petroleum evidence could be secured on which competent advice could be given by your consulting

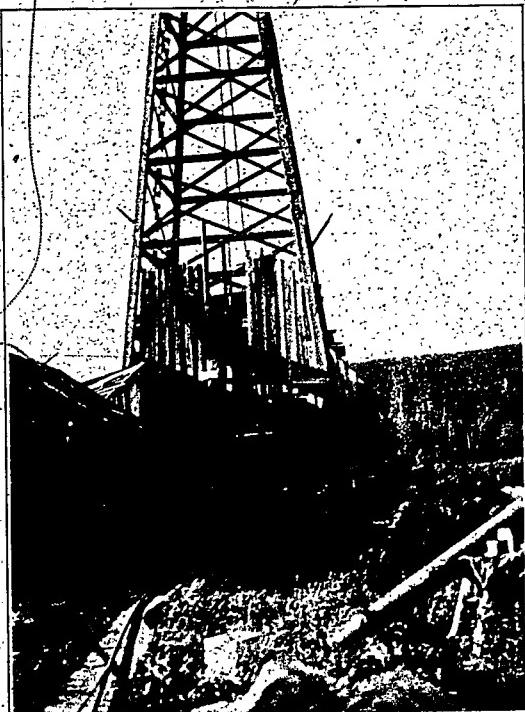


The tools and casing

engineers. We were careful to follow out your instructions of a confidential nature, and the results obtained during the season are most gratifying. Not only has a valuable record of the structure been obtained, but some important geological knowledge of the country has also been secured, principal matters of grave doubt which have been evidenced by two conflicting opinions of experts, has been definitely established, with the decision in complete favor of the country as an oil field.

Owing to the immensity of the outcrops of Tar Sands, commencing just southwest of the Boiler Rapids, some sixty miles north-east of your location, an opinion has been prevalent that this formation, known as the Dakota, is the strata in which the oil would be found, and as no boring operations had been carried on sufficiently far back from these outcrops to prove the structure, experts' opinion has for many years been divided.

It has been stated that should the Dakota be the oil formation, then, if one were only to square the area by the length of the outcrops, and then determine the volume by the highest escarpment; that such an immense area would contain over 200,000,000,000 tons of oil; such a dissipation naturally would find its only commercial solution in distillation extraction, as it could hardly be surmised that any considerable body of fluid could exist to reinforce this immense saturation of the sands. However, our knowledge of the field has always led us to believe that the constant seepage of petroleum from limestone beds, which are directly under the Dakota, proved the existence of liquid petroleum, which, in all probability, was sealed in the Devonian; and that the Tar Sand outcrops were in all probability quite localized. The proper determination, however, could only be arrived at by drilling, and no better test could have been made than at your location, which is midway between these limestone seepages and Tar Sands outcrops, and the Syncline at Pelican River, thus a test of the Monoclinal Arch could be effected.



In commencing operations this early summer on your behalf, we assumed that the oil formation would be the Dakota, and every precaution was exercised in reaching this strata. We found strong pressures of gas, with occasional eruptions, which on two occasions were of a very violent nature, most likely caused from accumulation of gas under a head of water; for these eruptions, while violent, sent a stream of water, mud and oil over the derrick, their duration, however, being slight.

In the Clearwater Shales, which lie immediately above the Dakota formation, we found the gas to increase in volume, and have a decidedly petroleum odor, and in one of the thin sand strata through which we passed we had a solid mass of sand ejected with considerable violence. This ejection was identical with the Tar Sands at their outcrops, and, owing to the very small quantity through which the drill passed, the impregnation must be entirely local, as all through the drilling a constant and continued petroleum seepage occurred.

On reaching the Tar Sand formation, we discovered it not to be, as assumed, far from being a solid body of bitumen, we found it to be principally shaly, sand and gravel, as to readily allow the assumption, that the seepage was the migration from the outcrops; evidence of heavy asphaltum residue was also present, and considerable gas, and the whole emitted a very pungent odor of petroleum, much more impressive than at any previous level. This condition was greatly increased, or continuing, through the Dakota, until we tapped a very hard capping, which required the repeated dressing of the tools, whilst the structure was in itself not many inches, immediately under this, we pierced the Devonian Limestone, some forty feet, with an immediate flow of gas, probably about 1,500,000 cubic feet per day. The limestones were porous,

and containing a strong and consistent seepage of oil at 630 feet. At this date, September 18th our crew was forced to quit work, as the effects of the gas were very telling, which necessitated a small vacation, together with the possibilities of a strong flow of oil, other necessary appliances would be required.

As we had just tapped the Devonian Limestones, we understood that it was the wish



Adjusting the Six-Inch Bit

of your management that this well be brought to that level, and operations then to immediately cease. They were found porous and well impregnated with petroleum. At the depth of 630 feet,

Our representative will take up matters of importance with you which should have some bearing on your policy for the season 1918.

Yours faithfully,

J. P. SCOTT

Superintendent of Works

Northern Fiscal Agency, Ltd.

Recommendations of The Northern Fiscal Agency, Limited

Reviewing the Results Obtained by Drilling for the Season 1916
October 26th.

In view of the reports of our field end, we deem that it is not a sound business policy to further continue the operations until a business construction is effected better.

We have at our expense on behalf of our clients continued drilling operations at the House River well, which is the property of the Great Northern Oil and Asphalt Co., Ltd., and while we have no desire to jeopardize the interests of its shareholders, we must protect our own interests.

We are confronted with certain facts which we must give thorough consideration, if we are to carry on operations in a business-like manner.

FIRST: The possibilities of a good strike are a foregone conclusion, at least, so evident that it must be assumed.

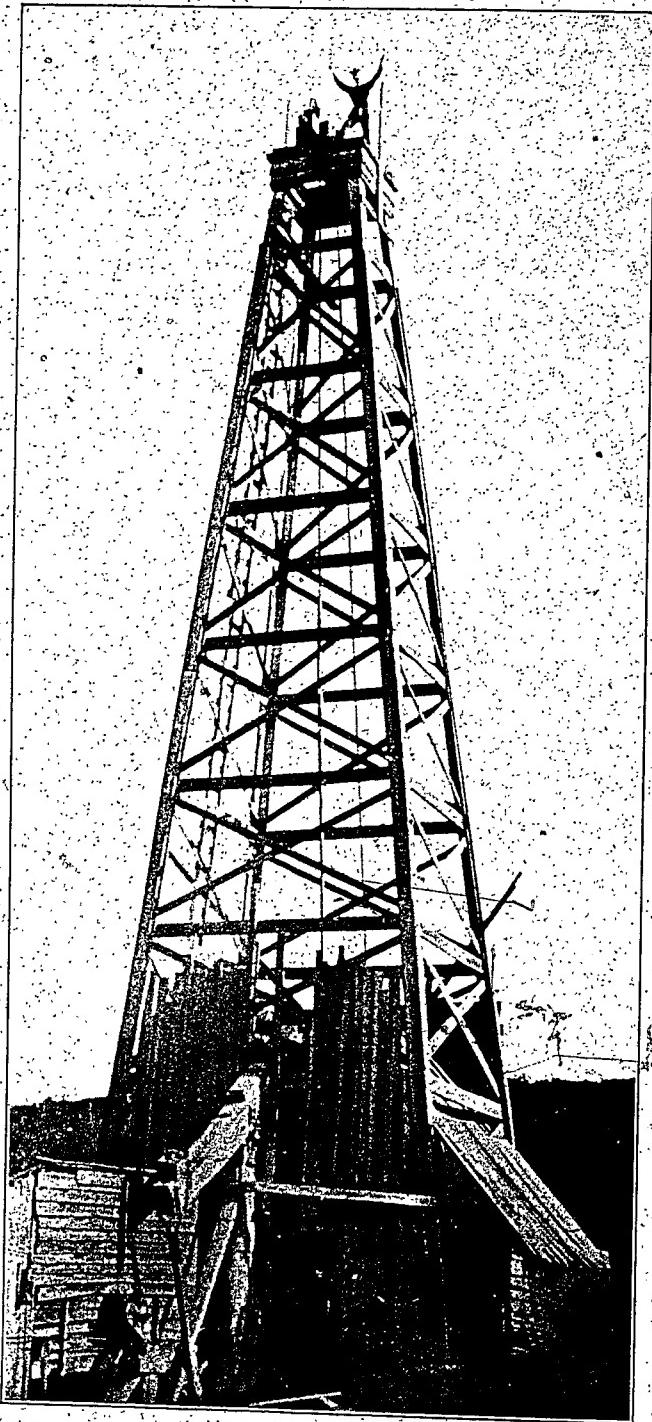
SECOND: The control of this Company is not organized.

THIRD: A good strike would lose us all the lands adjoining.

Owning and controlling by proxy vote about 800,000 shares of the Great Northern Oil and Asphalt Co., Ltd., we control that Company, but unless the proper organization of this ownership is effected, a wild speculation in shares would easily jeopardize this control by the reckless resale of these shares, and the accumulation of them by contending interests which might arise on that occasion.

A proven well would create wild speculation in lands, thus we would only be able to secure probably only a small increase in holdings. The only solution we see in this problem is to organize our clients into a new company, have them surrender their shares and immediately file on a large area of lease adjoining and during the year 1917 continue drilling the House River well as a subsidiary. This will effect the consolidation of the stock vote and proxy in the hands of the Directorate of the new company which shall be appointed by our clients. It shall immediately place us in control of the field by the advance acquisition of the lands.

The new company's securities will be well directed, in case of speculation for the new company's shares will be held by an intelligent ownership thoroughly organized. The centralization will be then complete. It is, therefore, advisable that these matters be taken up immediately and effected.



The Derrick.

Report of the First Annual General Meeting of Shareholders.

*Given at the Dinner at the New Maryland Hotel at 9 p.m.
January 16th, 1918*



ADDRESS OF THE PRESIDENT

Ladies and Gentlemen:

Two years ago, to speak of oil was tantamount to sedition in Alberta, but a great change has taken place in the public attitude towards oil investments since then, and we have in the field with us now some of the larger interests, and it is really getting to be a more honorable business. It never was a dishonorable business, but unquestionably a lot of dishonest deals were put over in the southern fields. We have yet to say, however, that there has been anything dishonorable put over in any of the fields north of the City of Edmonton. Therefore, I think that the citizens of the province should look on the petroleum mining industry in the northern part of the country as clean business from the start. In the year 1915, I became financially interested in the development of oil matters in this province in a more active manner. It was a very hard fight to commence with, owing to the cataclysm in Europe. My first operations were directed in attempting to resurrect the Great Northern Oil and Asphalt Company. The condition of that Company was, at that time, tantamount to insolvency, and I think that it is only proper, at this first meeting of the stockholders of The Northern Production Company, to say a few words on the reason why this new company was incorporated. In looking at the faces around this room and at the dinner tables, I can assure you that it is a great change from the days three years ago, when I first met you. Three years ago to-night, we might say, I was driving in the country in the districts of New Norway and Canrose. It was there that I first introduced myself to a number of those present at the tables here to-night. During the course of those three years, I have received considerable subscriptions of money. Every subscription I received seems to have cemented the confidence that has been created between myself and 194 farmers of the Province of Alberta; it has been the cementing of this confidence that has been the chief driving motive or condition which subsequently created this enterprise, The Northern Production Company.

To be brief, when in October, 1915, the Sheriff took possession of the affairs of the Great Northern Oil and Asphalt Company, I had received probably in the neighborhood of \$3,000.00 from various farmers throughout the Province. That money had been given in a development spirit, in a spirit of faith in the country, and I must state that it must have been given in a certain amount of faith in myself, because in the year 1915 conditions were not conducive to speculation; the crops and grain condition of this country not being what they are to-day. The uncertainties which had been brought about by the condition which was existent in Europe certainly gave an intuitive spirit to any man to beware of using surplus funds in speculative enterprises. I think it is much to the credit of the Province that it can be said that this company represents an established confidence between a citizen of a city of Alberta and the rural and agricultural constituencies of the Province of Alberta. (Applause.) It has been built entirely by the co-operative feeling of those two factors. Drilling for oil was started on the claim of the Great Northern Oil and Asphalt Company, of which company we have obtained control, and on October 15th, in the year 1916, the indications at a level of 415 feet were so excellent that it seemed a pity that an oil field, which is reputed by some of the finest geologists in the world, who have visited it, to be an immense oil field,

should be opened up without business construction, as it were. I therefore made my way to Calgary and called a meeting of a number of the principal farmers in that district who had been loyal to my own enterprise in the matter, (some of whom are here to-night), submitted the fact, as they, that if we were to continue to mine for petroleum and eventually discover it in this northern part of the Province, we should protect ourselves in the respect that we should protect our own investment.

The affairs of the Great Northern Oil and Asphalt Company, which came under my direction on May 17th, 1915, as an insolvent and bankrupt concern, had not been remedied to any great extent, for the amount of money that was given was principally and primarily used in development, therefore, what would it profit myself or my clients to drill an oil well for other people, for we had not the control at that time. That was the question. What would it profit to open the oil fields of Northern Alberta for the world at our expense, without business construction to our joint enterprise? Therefore, I believed that to secure the control of the well, and at the same time to acquire a large area of land adjoining and surrounding the operations which our money was the cause of, was the only feasible business attitude that should be taken. The whole question was laid out and approved by you, with the result that a considerable amount of money was subscribed. Those who had supported me with the Great Northern Company, with a gamble stake of \$100 in 1915, and 1916, now wrote their cheques for \$500, with the result that an amount of money was raised which made the whole affair feasible. (Loud applause.) On the strength of this amount we organised the Northern Production Company, was promoted. (Loud applause.) A capitalization of 800,000 shares, reducing it from the old standard of going in with millions of shares and a prospectus and nothing more. (Applause.) The plan that I had in mind had been apparent to certain parties connected with the former company; certain petty jealousies which always seem to arise when any man, I might say, starts to do something, that is a little bit more than the ordinary—such as these consider it quite proper, and believe they can take the other man's job and grab his interests. Such an attempt was made against me in New York last winter. It was a well-known fact to me for a considerable time prior to my leaving, that a combination of interests within that Company might use absence to try to defeat my ends, but I defeated their conspiracy. (Loud cheers.) On March 29th, lands were acquired on behalf of this Company to the extent of 20,000 acres. (Applause.) Now what do we find? As a result, since that date the Imperial Oil Company of Canada has filed on a 96,000 acre tract, on the same formation just east of us, on the Alberta and Great Waterways Railway, and a few weeks ago California oil interests acquired a further portion of about 10,000 acres. Now, if you will peruse those filings you will see that the policy carried out by myself on your behalf was proper. (Cheers.) Should a farmer go out to the land, and when he sees there is no security or possibility of getting title start to plow and put his efforts on it when he does not know whether he is going to get his title? That is practically the reasoning carried out on your behalf. I say, if there is oil—which we sincerely believe there is—if we are going to find this oil—which we positively intend to do, and are doing—then why should we leave all the lands open for a repetition of the Calgary disco. That would be unsound business. (Applause.) The result is that we control absolutely many miles along the area.

In the United States of America the upbuilding of petroleum companies was a series of assimilations of capital. The Dominion of Canada Petroleum and Mining Act eliminates, to a great extent, those necessary assimilations of capital; for this reason, that it is quite easy for any organization, company or body of individuals, to agree together to file on a certain area of land and pay the fees, and therefore in fee simple can become the owners of an immense area of oil lands; but this requires that a certain amount of development work has to be carried out; and if the Act is properly enforced, ordinary speculators will be either forced to do something or let go; and it is to be hoped the Government will enforce the Act, as we develop.



The President's Office

The Northern Production Co., Ltd., is conservatively capitalized; it is directed to the satisfaction of its stockholders. Its stockholders comprise 194 farmers in the Province of Alberta. Most of these farmers are men of standing in their community; and some of them have subscribed large amounts of money, and we are going along developing. If we continue we are, within the next two years, going to be one of the greatest industries in the North-West.

It was said by a certain engineer of repute, who arrived in Edmonton, that what the Northern Production Company owns on the Athabasca Valley will probably produce more oil than California, Texas and Mexico combined. In that case, we will produce annually more wealth than five Alberta grain crops.

This is exactly what is wanted in the Dominion of Canada, especially Alberta: I have for a long time since looked on the affairs of Canada, as a private citizen, from a broader viewpoint. I have seen immigrants coming into Winnipeg working West into this North-country, in the old days when I was on the trail myself. I have seen those men with their children, and their families, on the trek, and the whole impetus of the Government of the Dominion, for a great period, has been used to expedite a policy of immigration. The European war found us in this condition—that we are importing more wealth than we are exporting. If we keep that up for a long enough period the nation like the individual can become insolvent. There is only one way in which an adjustment can be effected, and that is by developing the natural resources of this country—the immense deposits of tar sand, the petroleum deposits, and so on. With such resources in the Province of Alberta, it behoves us that the business men of the Province should give more consideration to this line of development.

than heretofore. True, it is a very great thing to create a tremendous agricultural belt in this country, but let us compare Great Britain and Russia. Russia is purely an agricultural country; the chief industry of the people is agriculture. Great Britain is an industrial country, with the result that it is the industrialism of Great Britain that has created such enormous wealth by drawing from the world the raw materials; manufacturing these products, and then selling them back to the world at greatly increased prices, building up a tremendous surplus, which has in turn been invested in foreign securities, thus making all the world subsidiary to London. (Cheers.)

We have American engineers in this country who have told people in this city, as well as myself, that the petroleum resources of Alberta are greater than those of the United States. We have other engineers (from London) who have gone as far and have said that the oil fields of Northern Alberta are greater than all the other oil fields of the world combined. If the oil industry has built up the United States, and if it happens that in the House River District, where we are drilling, that we do strike something—for they all refer to our location—say, a well producing 200 barrels a day, it would return the principal sum every year afterwards. Now, such a possible reward tempts us to part with our money in this oil business. We know if our money will be used for development work, which it is, then we will get a large return. I want to submit to-night what I have done on your behalf. I want to show you the money I have received and how it was expended. The ambition that is behind my policy is not the mere getting of commissions. Commissions never made anybody rich; it never made the industrial captains of the United States and Great Britain, but the ability to secure money from your fellow-citizens and yourself by applying the money for the purposes for which you receive them, is quite proper, and if that is done rightly, the consequences spell success.

The incorporation of the Northern Production Company took place on November 16, 1916, and the total amount of money received has been \$22,903.08. Now, for salesmanship, I would like to see another man in the Province go out and sell \$22,908 worth of oil stock these days. I don't mean to take personal credit to myself, but what I want to show you is, if a man goes out and uses his brains and ability to get money even as an agent, without the responsibility of the promoter, and when the responsibility, legally and morally, is not resting on him as the managing director, he would at least get 20 or 25 per cent. The law would give him 25 per cent, and I venture to state that I don't believe you could get a man west of the Great Lakes to do it for 40 per cent.

The expenditure of this money has been proper. The legal expenses happened to be higher, for reasons which your own legal advisers can furnish. They were \$2,388.30, travelling expenses \$3,042.31; the wages for drilling at the well were \$3,567.45; office salaries in toto, \$4,006.95; printing and advertising, \$1,327.51; and the general expenses were \$1,598.91; supplies to the camps, \$1,207.50, and for field acquiring leases, \$5,396; making a total of \$22,903.08, showing the cost of administration of the Company's affairs, which have been exceptionally low, to be \$12,563, which shows practically 48 cents on every dollar directly went into actual development work.

Now, then, what did your promoter and President get out of this? You have \$22,903.08; at 10 per cent, as an ordinary salesman, I should receive a commission of \$2,290. At 20 per cent, twice that amount. That is what I should receive as an agent selling the stock.

If I am employed by the Company as managing director and take the responsibility of this office, then I deserve a salary as well; but if I had gone ahead and taken everything that was, and should be, due to me out of the Company's available funds, there would not have been the expenditures for development work. The amount of money received by me in my balance sheet is taken from all the cheque disbursements, and will be open to any shareholder after the meeting for inspection. I have gone to the trouble of itemizing every expense. I have actually received less than 10 per cent. of the actual money received, and I have gone and got the money, and done all the work of administration of the money, worked night and day, and so on, for the single cost of \$2,000 for the year and if I am not worth \$2,000 to this corporation for one year, I know where I can get \$2,000 elsewhere. (Cheers.)

I would like to go further into the matter of expenditure. Travelling expenses—\$3,042. That is an expenditure that could be eliminated this year. Every one of you in this room know I came to your house and got \$200 or \$300. I had to travel to get to see you. You know on many occasions I went, you were not in. I had to chase around your threshing machine, and make sometimes three trips before I saw you, and so that the stockholders would understand as to travelling expenses, I made it a point to get one or two stockholders to come out with me and find out for themselves. One of you, Mr. McWhirter, from Wilkie, Sask., who has given valuable assistance, knows my statements as truth. I may say conscientiously that while I have received the \$2,000 amount from the fund used for my own personal purposes as salary, I would rather have that \$2,000 and 50 cents on the dollar in the development work, than have \$10,000 in my bank account at the present time, and have every one of you here on your farms dissatisfied. (Applause.) I have endeavored in the last three years, as a young man, at least to start this oil business on a legitimate plan and to honestly endeavor to do work in a business-like manner, and the reward I hope to receive is the reward Rockefeller got, and let me tell you this, that when John D.

Rockefeller left Chicago to go into the Western States to exploit oil he had \$50 in his pocket, and the science of geology was a mere nothing at that time. When Mr. Cope went out into the oil fields of Northern Alberta he had more than \$50 in his pocket, and the science of geology had progressed considerably. On top of that I had the reference libraries, in which all the records and all the experiences in drilling for petroleum has been enumerated in the last thirty years, and I conscientiously believe that in the Athabasca Valley of Northern Alberta oil does exist in large measure, at least the great proportion of the valley. (Applause.) And what is more, we have got the spirit to hang on. (Loud applause.)

Now let us turn to the field work. The stockholders who are present here, and who visited the well on my invitation last July, know that every twenty-one minutes there is a violent eruption of water. Our camp buildings are situated about 500 yards away, and the



whole place is solid ground—in muskeg there's. Every twenty minutes during the night the ground would vibrate with the intermittent eruption of the well owing to tons of water being thrown out every twenty-one minutes. There is a cavity which is getting greater below the surface derrick, which had been erected about three years before we took it over two years ago is about to collapse. The casting which we have there was purchased for the Great Northern Oil and Asphalt Company by their former management was a gaspipe line, which is used in gas fields for piping natural gas. Gaspipe line never was built to drive, with the result that we have to go very carefully, and the condition which now confronts us is that at the 640 feet level our six-inch pipe has jammed, with the result that we cannot go further until we put a 4½ standard inch casing, which can easily be done this spring, with the addition of a new derrick, and in commencing the next season's work certain additions will have to be made to that plant, which is already arranged for. The question is, can the spirit of the promoter take hold of the stockholders of this Company. I believe it can. (Continued, applause.) There is one item of business I would like to discuss briefly, and that is control—that is what all fights are about—control. Who is going to rule? Who has the say? What principle is going to be enforced? That is what the present world war is over. Now as to the control of this company. I have 20 per cent of stock, out of \$800,000 shares, 175,000 shares. There is 191 stockholders in the Company, and absolutely nothing solid to the last penny. I know some will borrow money if it comes to that, but we have got to look on this point. Supposing we strike a 5,000 barrel well this year—the result would be that the Northern Production Company's stock would be worth fixing. The control of the Northern Production Company would be an asset that would wield power in this country; therefore the control of the Company might go out of the hands of those here present to-night. Now I am taking a step in advance. When I asked you to put up money to acquire the lands, I did that as a step in advance. Now, from the financial standpoint, I ask those who attend the committee meeting to-morrow morning at the offices for the purpose of getting the control of this Company perfect, that I do not feel justified in continuing any further development work, with the indications such as we have at that well at present, which the shareholders who were there themselves know are excellent, and which have been improved a thousand per cent since then. I don't believe it is good policy to go ahead with our next season's work until we have this thing of control settled before the end of February. For that reason the assets of the Company have been placed at \$2,000,000. The statistical authority I have given you is an excellent one; therefore if there is oil in that territory those lands are certainly worth \$2,000,000, if there is no oil there they are worth nothing. The capital of the Company is \$800,000 against a \$2,000,000 asset. We have assets greater than our capitalization. We are quite within the pale of sound finance to increase the capitalization to \$2,000,000 against the possibilities of production. So I believe it would be a good policy to increase the capitalization of the Company. I called an extraordinary meeting last August for this purpose, and I was given powers to do so, but I did not choose to use those powers. I thought it was better again submit it at the general annual meeting of the stockholders, before actually increasing the capital, for the principle of consulting one's stockholders at every radical move is the best. The Company would be justified in increasing the capital to \$2,000,000, and we are in the position to give a certain private offer of stock to the financial backers of the Company, and the way that can be done is by the general shareholders authorizing the directors to do it. The directors can do so, but I don't want to take responsibility without your permission. And I can promise that as long as I have management of the Company I am going to call a meeting and get your feeling and authority from time to time, and as long as that policy is carried out, I will maintain the confidence of the stockholders in general. (Applause.)

I can assure you, ladies and gentlemen, the powers you have given me in the past have never been used against the Company, and you can always depend on my powers that are given.

to me, or to your board, will be used absolutely in the interests of the stockholders and in the interests directly of the Company; and that nothing will be passed by the board and done that will not stand investigation. You must remember this, that I am a young man in this country, I have come west and I have got my home here, and it has been the result of toil, of ingenuity and ability. When I landed in Canada, I was like everybody else, I had a willingness to do something and get somewhere. And, having created and got the confidence of the stockholders as I have at present, I feel that anything I would do that would create an unhappy condition would only upset the equilibrium and ruin my whole business. I would say everyone in this room might afford to lose what he has got in this company because he has got his farm and business, but I cannot afford to lose what I have, and what I own is the confidence of you people here tonight, and I cannot do anything to endanger my capital; neither can you. (Hail cheers.) And I do aspire to develop the natural resources of Western Canada and to put those natural resources on a paying basis to the best of my humble ability. (Cheers.) I invite the stockholders at the meeting to be held tomorrow to look over my financial report to examine the expenditures of the money I have nothing to hide from you; on the contrary, I feel proud of my work for the year. Don't you think, ladies and gentlemen, that what we have today is something to be proud of? (cheers) — and that the money has been expended properly. (Cheers.)

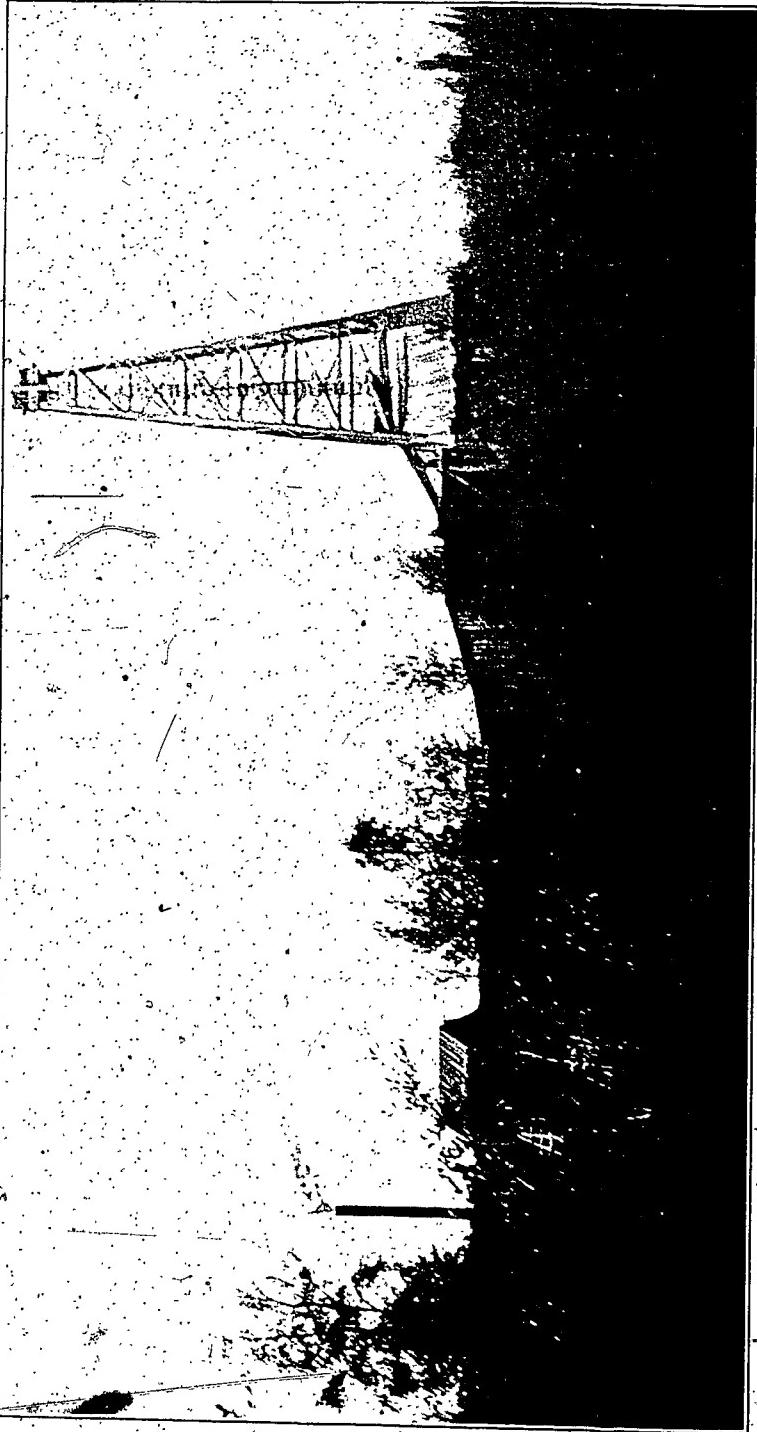
It seems a fallacy to ask for your approval of my report. For your continued outbursts of applause from the start of my address has been a spirit of consolation and a fountain of enthusiasm for me. Such fellowship can only bring out the best in man; such appreciation is the fundamental of the spirit of success. I thank you.

Prolonged cheers and singing "He's a jolly good fellow." Three cheers for Mr. Coyne were requested and heartily given.



"All aboard for Fort McMurray"

View of the Plant Looking West



BALANCE SHEET

Total Expenditures	
Fixtures, Legal Expenditures	\$ 2,388.30
Travelling Expenses	3,042.31
Wage	9,567.45
Office Salaries	4,906.95
Printing and Advertising	1,327.51
General Expenses	1,598.91
Drillers Expenses	1,275.91
Lenses	5,696.00
Total Expenditure	\$22,903.08
Showing the cost of administration at White	\$12,563.72
Showing the Development Expenditures	\$10,339.36

STATEMENT OF AFFAIRS

December 31, 1917.

Assets

20,690 Acres of Petroleum and Natural Gas Leases (Exhibit)	\$2,000,000.00
4,42,248 Shares in Great Northern Oil & Asphalt Co., Ltd. (par value, \$1.00 per share)	1.00
	\$2,000,001.00

LIABILITIES

Issued Capital	\$ 800,000.00
Excess of Assets over Capital Liability as above	\$1,200,001.00

I hereby certify that I have had produced to me Petroleum and Natural Gas Leases covering 20,000 acres of land as described in Exhibit 1, attached hereto, together with proper assignments to the Northern Production Co., Ltd., from the parties in whose names the leases were made out, that such assignments have been filed with the Dominion Lands Agent of Edmonton. The valuation of \$100.00 per acre, placed thereon, has been made by your management, and is, according to certain authorities, in their possession.

HARRY O. PATRICKIN,
Chartered Accountant.

ADDRESS OF C. T. M. SAPSFORD, ESQ.

Advertising Manager of The Edmonton Bulletin.

Mr. President, Ladies and Gentlemen.—This is absolutely unexpected. I have had the pleasure of knowing Mr. Coyne for the last three years in business, not connected with the oil business as an investor, and it has always been a pleasure to do business with Mr. Coyne; for I can say, for my part as a newspaper man, that Mr. Coyne has never undertaken to do anything in connection with his business and his relations with me in regard to advertising, that he has not carried out to the very fullest extent. It is a pleasure to be able to say it. But there is something else that I feel I ought to say here, and that is in regard to the oil business here. Just last week, in talking to some business men on Jasper Avenue, I met a business man from Victoria, B.C. There were three of us standing talking, and the oil question came up, and the Victoria man said: "You folks' going to do a lot of shouting this year, aren't you?" and I laughed and said, "I expect so." He said: "You know, we are talking a lot about Alberta oil." I said, "Where have you heard about Alberta oil?" He said: "Well, I will tell you. I was in a certain business house—and if I were to name it, that I don't feel justified in doing so, talking to a well-known retail man of the city, Mr. M.—and he said: "I was talking to a California man there, who said, 'I know a lot about the oil business, in fact, in the early days in California oil I cleaned up considerable over a million dollars in oil and dropped it again in steel.' However, I have been up in Northern Alberta this fall, and I don't mind telling you that I expect to make considerably over two million dollars in Alberta oil." This was a practical man who was speaking. Continuing, he said: "Your Northern Alberta oil fields are without a doubt much more valuable than the California oil fields." Now that was an outsider, who wasn't talking to a newspaper man: he was not talking for publication, and he was not talking to me because I knew Mr. Coyne, Sapsford," and I said, "Yes." "Well," he said, "you know two years ago I thought that fellow was an awful four-flusher." I said, "Yes, what do you think today?" "Well, he says, "to tell the truth of the matter, I think he has got the laugh on us after all." I believe he has got the biggest thing there is in Alberta. To hear him change his mind rather makes me think what I heard some time ago, when I was down in Minnesota. You know, the Twin Cities are horribly jealous of each other, very jealous of each other, in fact, so jealous that if a St. Paul man goes to Minneapolis, and if he wants to hand a Minneapolis man a compliment, he says, "You know, you have one thing here in Minneapolis I like," and when the other asked him what that was, he said "Plenty of street cars going back to St. Paul." (Laughter.)

But the thing I had in mind was this: There was considerable discussion in Minneapolis one time as to religious education in the schools. They fought it out a lot, and finally it was decided to appoint a committee. You know, Minneapolis is Swedish and Norwegian. They picked two good Norwegians and a Swede, and appointed them a committee to take the Bible and study it and bring back their report. When the committee brought in their report their chairman said: "We were thinking we won't have the Bible in the schools here," and when asked the reason, said: "Well, we were thinking it a pretty smooth advertising game of St. Paul. We read a lot about St. Paul in the Bible, but not one word about Minneapolis." (Laughter.)

You know, a good many people think that because Coyne has talked oil that there is a good bit of Coyne (coin) there, but I believe that although Coyne has talked oil that there is a good bit of real coin there, and I think Coyne is going to show you where the coin is. (Cheers.)



G. L. Stebbing, Secretary-Treasurer, in his office.

ADDRESS OF MR. JOSEPH ADAIR

Mr. Chairman, Ladies and Gentlemen.—I am at a loss what to say to you to-night, except that I have got to thank Mr. Coyne and your company for the very kind invitation to attend this meeting. I am very pleased to be here. I have never been much of a speculator; so far as real estate is concerned, but I do think that the real field for speculation is not so much a speculation in lands for the purpose of charging somebody rent, as a speculation for the purpose of attempting to discover some resources, or something that is of use and benefit to the human family.

I have been in Edmonton now for a matter of twelve years, and during that time there have been a great many people who have come back with stories from the North country regarding its resources, but I never happened to get north of Athabasca Landing until about a month or so ago. It has to be admitted that the reports which the Dominion Government have been publishing within the past five years known as the "Review of Oil and Gas Resour-

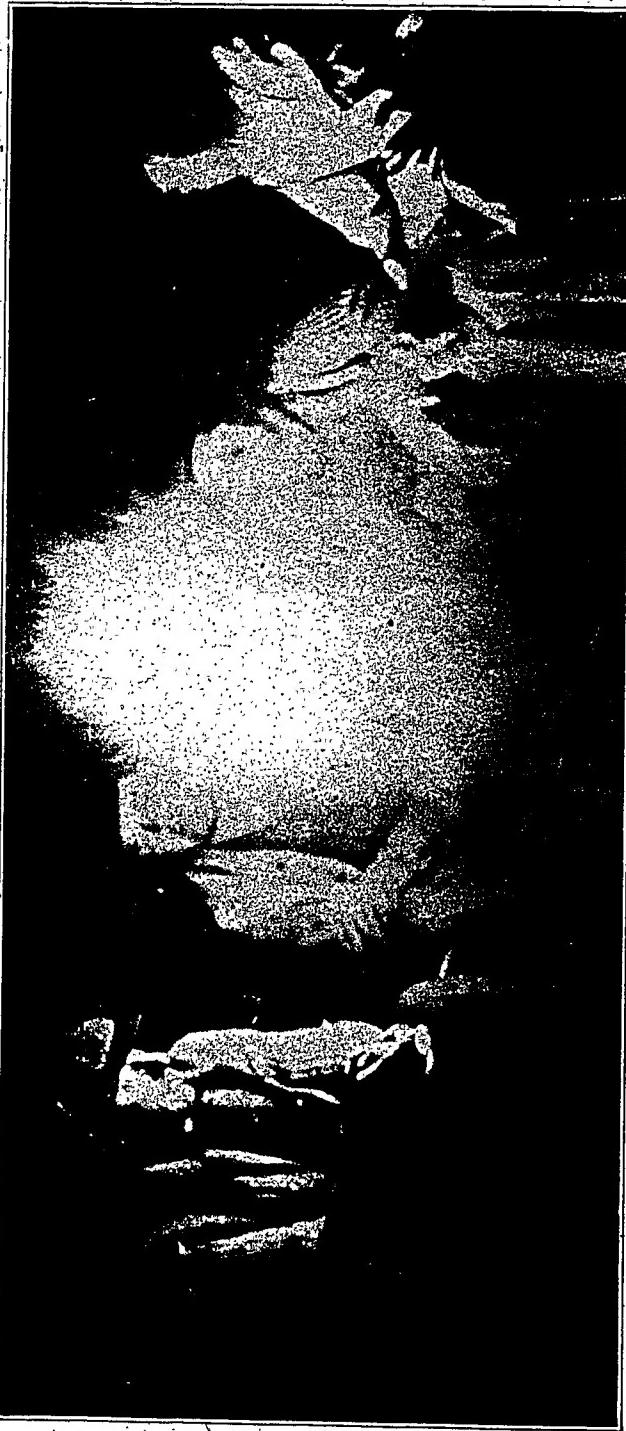
ees of the Dominion of Canada, indicate that it is in that north country that oil is going to be found; and if you also refer to those reports, which by the way, are edited by two men whose names are more or less household words with the people of Edmonton—the two experts who were one time employed by the people of the city to locate a gas field for them—Clapp and Huntley. Those two men were invited one time to make a report as to the most favorable source for a natural gas supply for this city. They gave the city a report which indicated three places east of the city between the Grand Trunk Railway and the C.N.R. Railway. They said, if drilling happened at those points, indicating three choices, that gas would be found at a certain level, approximately 2,300 feet. I was one of a group of people who subscribed money for the purpose of testing out the report of these geologists. When these men had made their report, a great many people in the city said it was largely guess work. Now, those who understand the science of geology know that a real geologist can tell at what depths you will enter the different strata, and thus tell the depth, the oil-bearing sands, the gas-bearing and bar sands of this Province; they can always tell you at what point your drill will strike those levels, provided they possess records distributed over the vicinity. We tested out—not the first choice—the first choice where gas would be found, was situated eighteen miles north of the Grand Trunk track towards what is known as Birch Lake. We couldn't go to that point because it involved the mining of coal eighteen miles from the railway. We took their second choice—I am referring to the old Industrial Drilling Association, that found the first gas well, in Viking—and at 2,286 feet we struck a flow of gas that today proves that No. 1 well is the second best well in the whole province. Now, that indicates how absolutely accurate real geologists, men conversant with the different surveys that have been undertaken by Bowring and numbers of other Government geologists, who have gone out and tested their observations—that I say, shows how accurate they are. These men in compiling the annual reports of gas and oil resources of this province—they have stated that your House River field is a real oil prospect. I myself have never been to House River, and I take it a great many of you have not been there, but I do believe this, that from what I have heard tonight the very admirable speech and report made by your President, that there is at the present time a group of people who are honestly endeavoring to raise sufficient money to test out the reports of these geologists, and they are not going very far away from the places that are indicated in the reports. You must all know that many years ago that the first oil strike that ever happened in this province took place at a point known as Oil City, situated down toward what is known as Kootenai Lake, in the southwest corner of the Province. That was believed, for a time, to be a great oil territory, but afterwards it was found that Oil City showed nothing but fairly good pumping wells, wells which involved pumping and would yield oil of a fairly good quality.

It has been found frequently that the companies which have taken vast sums of money from the people of this province and from other provinces and spent them in the Okotoks and Calgary field, have indulged largely in waste expenditure. It is more or less mysterious to realize that in face of all the geological expert testimony, that people rushed so wildly to invest in the oil prospects near Calgary. Dr. Bosworth, who visited the north country, also looked over the fields south of Calgary, and he declared the fields there would prove to be more or less futile and fruitless, that they might discover pumping wells similar to Oil City in the Kootenai country—that is Kootenai, Alberta. Dr. Bosworth has indicated, in an address that he delivered one time to the Industrial Drillers' Association, in the Cecil Hotel, that he was fully convinced that oil might be found in good paying quantities in the north, if a real gusher was not found in that territory. I believe Mr. Coyne's proposition is the only one, the only feasible one, for testing the northern field at this time. House River is just as far as a legitimate oil development scheme can go, in the light of transportation facilities, in the light of the immense cost of taking, laying and freighting necessary means for development work into the country. The Calgary business was largely a matter of sale and re-sale of

stock, and the merging of companies and then the sale of more stock, and it is estimated today from the people who watched the Calgary boards that it is very doubtful if five cents out of every dollar paid for oil stock ever went into development at all. But you show by the inauguration of your Northern Production Company, that at the beginning out of twenty-four thousand dollars, you are actually spending fifty cents on the dollar towards development. You are going a real way after a real thing, because it must not be forgotten that the oil of the world is not a permanent supply, something that will last forever. Fuel oil will eventually play out. The human family today are consuming it in such tremendous proportions and quantities, and for war purposes, that it is being figured out how long petroleum will last. Fields are being looked after by the oil refineries and oil magnates of the world, and I think there is one patriotic means whereby the savings of a town can be used, and that is in a legitimate speculation—I might say a legitimate gamble—where you discover a source and a new means to add to the life and industry of the province. I think if your company can bring about a set of conditions whereby you can hold to the good leases you have in the north, and test them out on an economic and sound basis such as that indicated by your Mr. Coyne, then I say you are playing a real game, and that whether you make the great gain by discovery, or whether your money even goes by default, you have the satisfaction of knowing that the work you have done is adding to a knowledge of the country and the resources where wealth is, and where it is not. It is quite true that you must face failures, such as the failure resulting from faulty and out-of-date material as that outlined in the condition of your derrick and casing. You must overcome that if you are going to continue by adapting yourself to the newer conditions by new expenditures, but I am convinced that there is oil in the north country; and I believe that most of you believe oil is there, and I believe your company is going the best way about the task of seeking to prove or avail themselves of the benefit of proving that resource to the communities of the province.

My being here tonight is linked up with the absence of another man, who was recently elected as the Dominion member for the riding in which the property of the Northern Production Company exists. He was supposed to have come heretofore, that is Mr. Mackie, M.P., but he was unavoidably detained from coming, by being called to Calgary, and he asked me to drop around and to see what kind of company Mr. Coyne had, and what it was all about, because he wanted to know something about it; and I will take pains to tell him that it is the first instance in which I have seen a meeting of shareholders come together to hear an annual report, pass a vote of confidence and feel satisfied so far as an oil proposition in which they were interested is concerned, and that everything is aboveboard and that there was no promoter dealing from the bottom of the deck. (Loud cheers.)

GOOD NIGHT!



Natural gas camp fire at the well

